reme Cour
FILE
183
(1)
101119 MAR 11 2011
OFFICE OF THE CLERK

No. ____

IN THE
Supreme Court of the United States

THOMAS STEINBECK AND BLAKE SMYLE,
Petitioners,

v.

MCINTOSH & OTIS, INC., ET AL.,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit

PETITION FOR A WRIT OF CERTIORARI

MICHAEL F. STURLEY
LYNN E. BLAIS
727 East Dean Keeton Street
Austin, Texas 78705
(512) 232-1350

J. BRETT BUSBY
BRACEWELL & GIULIANI LLP
711 Louisiana Street
Suite 2300
Houston, Texas 77002
(713) 221-1160

DAVID C. FREDERICK
Counsel of Record
KELLOGG, HUBER, HANSEN, TODD, EVANS & FIGEL, P.L.L.C.
1615 M Street, N.W.
Suite 400
Washington, D.C. 20036
(202) 326-7900
(dfrederick@khhte.com)

ERIN GLENN BUSBY
411 Highland Street
Houston, Texas 77009
(713) 868-4233

March 11, 2011

QUESTION PRESENTED

The Copyright Act grants statutorily defined members of a deceased author's family the inalienable right to terminate certain prior copyright transfers "notwithstanding any agreement to the contrary." 17 U.S.C. §§ 203(a)(5), 304(c)(5), (d)(1). In 1938, Nobel and Pulitzer Prize-winning author John Steinbeck transferred copyright interests in some of his most famous literary works. In 1994, the underlying copyrights were held by John Steinbeck's third wife, who could not exercise the statutory right to terminate the 1938 transfers. Nevertheless, she concluded an agreement that purported to replace the 1938 agreement and retransfer the same interests in John Steinbeck's works. In 2004, petitioners—the statutory heirs of John Steinbeck—invoked their § 304(d)(1) right to terminate the 1938 transfers. The Second Circuit concluded that the termination was ineffective because of the 1994 agreement, to which petitioners were not parties. Although that agreement functionally destroyed petitioners' termination rights, the Second Circuit rejected the Ninth Circuit's interpretation of the Copyright Act and held that the 1994 agreement was not an "agreement to the contrary."

The question presented is:

Can the termination rights that Congress granted to authors and statutorily defined members of their families be extinguished by a copyright holder's agreement even though that holder could not exercise the termination rights, as the Second Circuit held, or does such an agreement constitute an "agreement to the contrary" under the Copyright Act, as the Ninth Circuit has held?

PARTIES TO THE PROCEEDINGS

Petitioners Thomas Steinbeck and Blake Smyle were plaintiffs-counter-defendants in the district court proceedings and appellants in the court of appeals proceedings.

Respondents McIntosh & Otis, Inc.; Samuel Pinkus; Anderson Farber Runkle; Eugene H. Winick; Francis Anderson Atkinson; and Waverly Scott Kaffaga, individually and as executor of the Estate of Elaine Anderson Steinbeck, were defendants-intervenors-defendants in the district court proceedings and appellees in the court of appeals proceedings.

Respondents Steinbeck Heritage Foundation; Steven Frushtick; and Waverly Scott Kaffaga, individually and as executor of the Estate of Elaine Anderson Steinbeck, were defendants-counter-claimants in the district court proceedings and appellees in the court of appeals proceedings.

Respondents David Scott Farber; Bahar Kaffaga; Jean Anderson Boone; Anderson Farber Runkle; and Jebel Kaffaga were defendants-counter-claimants-intervenors-defendants in the district court proceedings and appellees in the court of appeals proceedings.

Respondents Does 1-10 were defendants in the district court proceedings and appellees in the court of appeals proceedings.

Nancy Steinbeck was an intervenor-plaintiff in the district court proceedings but did not participate in the court of appeals proceedings and thus is not a respondent in this Court.

TABLE OF CONTENTS

Page

QUESTION PRESENTED i

PARTIES TO THE PROCEEDINGS ii

TABLE OF AUTHORITIES viii

INTRODUCTION 1

OPINIONS BELOW 2

JURISDICTION 2

STATUTORY PROVISIONS INVOLVED 2

STATEMENT 3

A. Statutory Background 3

B. Factual Background 7

C. Lower Court Proceedings 9

REASONS FOR GRANTING THE PETITION 12

I. THE DECISION BELOW IRRECONCILABLY CONFLICTS WITH NINTH CIRCUIT DECISIONS ON THE PROPER INTERPRETATION OF 17 U.S.C. § 304(c)(5), WHICH GRANTS "INALIENABLE" TERMINATION RIGHTS TO AUTHORS AND THEIR HEIRS "NOTWITHSTANDING ANY AGREEMENT TO THE CONTRARY" 12

A. In The Ninth Circuit, A Post-1978 Agreement Is Ineffective Under § 304(c)(5) To Defeat Termination Rights Unless A Statutory Heir Concluded That Agreement At A Time When He Or She Could Have Exercised The Termination Rights 13

B. The Second Circuit Enforces Post-1978 Agreements Without Regard To Whether Grantors Could Exercise Termination Rights 16

C. Under The Ninth Circuit's Interpretation Of § 304(c)(5), The 1994 Agreement In This Case Would Have Been Void As An "Agreement To The Contrary" 17

II. THE SECOND CIRCUIT'S JUDGMENT IS IN ERROR 18

A. The Plain Language Controls This Case 18

B. The Legislative History Reinforces That Plain Reading Of The Statute 19

C. The Second Circuit's Interpretation Undermines The Purposes That Congress Sought To Achieve In § 304(c)(5) 21

III. THE QUESTION PRESENTED IS OF GREAT SIGNIFICANCE FOR COPYRIGHT LAW 23

IV. THIS CASE PROVIDES THE COURT WITH AN IDEAL VEHICLE TO RESOLVE THE CONFLICT BETWEEN THE NINTH AND SECOND CIRCUITS 29

A. The Final Judgment Below Removes Any Obstacles To This Court's Review Of The Second Circuit's Determination That The 1994 Agreement Effectively Extinguished Petitioners' Termination Rights 30

B. Whether The 1994 Agreement Extinguished Petitioners' Termination Rights Is Of Central Importance To The Resolution Of The State-Law Claims On Remand 31

CONCLUSION 34

APPENDIX:

Summary Order of the United States Court of Appeals for the Second Circuit, *Steinbeck, et al. v. Steinbeck Heritage Found., et al.*, No. 09-1836-cv (Oct. 13, 2010) 1a

Opinion of the United States Court of Appeals for the Second Circuit, *Penguin Group (USA) Inc., et al. v. Steinbeck, et al.*, Nos. 06-3226-cv & 06-3696-cv (Aug. 13, 2008) 15a

Memorandum Decision and Order of the United States District Court for the Southern District of New York, *Steinbeck, et al. v. McIntosh & Otis, Inc., et al.*, No. 04 CV 5497 (GBD) (Mar. 31, 2009) 35a

Memorandum Decision and Order of the United States District Court for the Southern District of New York, *Steinbeck, et al. v. McIntosh & Otis, Inc., et al.*, No. 04 CV 5497 (GBD) (Mar. 31, 2009) 63a

Opinion and Order of the United States District Court for the Southern District of New York, *Steinbeck, et al. v. McIntosh & Otis, Inc., et al.*, Nos. 04 CV 5497 (RO) & 04 CV 6795 (RO) (June 8, 2006) 71a

Order and Judgment Dismissing Intervenor Complaint of the United States District Court for the Southern District of New York, *Steinbeck, et al. v. McIntosh & Otis, Inc., et al.*, No. 04 CV 5497 (GBD) (Dec. 4, 2009) 88a

Order of the United States District Court for the Southern District of New York, *Penguin Group (USA), Inc. v. Steinbeck, et al.*, No. 04 CV 6795 (GBD) (Apr. 23, 2009) 90a

Order of the United States Court of Appeals for the Second Circuit Denying Rehearing, *Penguin Group (USA) Inc., et al. v. Steinbeck, et al.*, Nos. 06-3226-cv & 06-3696-cv (Oct. 16, 2008) 91a

Statutory Provisions Involved 93a

17 U.S.C. § 203 ..... 93a

17 U.S.C. § 302 ..... 97a

17 U.S.C. § 304 ..... 99a

Answer, Affirmative Defenses and Counterclaims of Defendant and Counterclaim Plaintiff Jean Anderson Boone, *Steinbeck, et al. v. McIntosh & Otis, Inc., et al.*, No. 04 CV 5497 (RO) (filed Sept. 30, 2004) 109a

Answer, Affirmative Defenses, and Counterclaims of Defendant and Counterclaim Plaintiff the Estate of Elaine Steinbeck, *Steinbeck, et al. v. McIntosh & Otis, Inc., et al.*, No. 04 CV 5497 (RO) (filed Sept. 30, 2004) 114a

Answer, Affirmative Defenses, and Counterclaims of Defendants and Counterclaim Plaintiffs Waverly Scott Kaffaga, David Scott Farber, Anderson Farber, Jebel Kaffaga, and Bahar Kaffaga, *Steinbeck, et al. v. McIntosh & Otis, Inc., et al.*, No. 04 CV 5497 (RO) (filed Sept. 30, 2004) 119a

Agreement between John Steinbeck and The Viking Press, Inc. (Sept. 12, 1938) 124a

Agreement between Elaine Steinbeck and Viking Penguin (Oct. 24, 1994)..... 130a

Notice of Termination from Thomas Steinbeck and Blake Smyle to Karen Meyer, Esq., Viking Penguin, and Estate of Elaine Steinbeck (June 13, 2004)..... 156a

Letter from Supreme Court Clerk regarding grant of extension of time for filing a petition for a writ of certiorari (Jan. 3, 2011)..... 159a

TABLE OF AUTHORITIES

Page

CASES

Bethley v. Louisiana, 520 U.S. 1259 (1997) 31

Classic Media, Inc. v. Mewborn, 532 F.3d 978 (9th Cir. 2008).....12, 13, 14, 15, 17, 24, 26, 27

Eldred v. Ashcroft, 537 U.S. 186 (2003)..... 24

Fred Fisher Music Co. v. M. Witmark & Sons, 318 U.S. 643 (1943) 6, 20, 28, 29

Hamilton-Brown Shoe Co. v. Wolf Bros. & Co., 240 U.S. 251 (1916) 31

Larry Spier, Inc. v. Bourne Co., 953 F.2d 774 (2d Cir. 1992) 20

Marvel Characters, Inc. v. Simon, 310 F.3d 280 (2d Cir. 2002) 20, 21, 22, 25

Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960) 6

Mills Music, Inc. v. Snyder, 469 U.S. 153 (1985) 21

Milne ex rel. Coyne v. Stephen Slesinger, Inc., 430 F.3d 1036 (9th Cir. 2005) 14, 15, 17, 24, 25, 27

Missouri v. Jenkins, 515 U.S. 70 (1995)..... 30

Moreland v. Federal Bureau of Prisons, 547 U.S. 1106 (2006) 31

Steinbeck v. Penguin Group (USA) Inc., 129 S. Ct. 2383 (2009)..... 11

Stewart v. Abend, 495 U.S. 207 (1990).....3, 5, 12, 24

United States v. Virginia, 518 U.S. 515 (1996) 31

Virginia Military Inst. v. United States, 508 U.S. 946 (1993) 30

Washington v. Washington State Commercial Passenger Fishing Ass'n, 443 U.S. 658 (1979) 31

Wrotten v. New York, 130 S. Ct. 2520 (2010) 30

STATUTES

Act of Mar. 4, 1909, ch. 320, 35 Stat. 1075 (Copyright Act of 1909) 5, 6, 7, 20, 28

§ 23, 35 Stat. 1080 5

§§ 23–24, 35 Stat. 1080–81 28

Copyright Act (Title 17, U.S.C.):

17 U.S.C. § 203 .....2, 3, 21, 26

17 U.S.C. § 203(a) 5

17 U.S.C. § 203(a)(1)-(2) 4

17 U.S.C. § 203(a)(3) 3

17 U.S.C. § 203(a)(5) 5, 6, 12, 26

17 U.S.C. § 203(b)(4) 7

17 U.S.C. § 302 2

17 U.S.C. § 304 .....2, 19, 21, 23, 27

17 U.S.C. § 304(c) 3, 5, 8, 18, 20, 22, 32

17 U.S.C. § 304(c)(1) 4, 19

17 U.S.C. § 304(c)(2) 4, 8, 19

17 U.S.C. § 304(c)(2)(A) 19

17 U.S.C. § 304(c)(2)(B) 19

17 U.S.C. § 304(c)(3) 4, 5

17 U.S.C. § 304(c)(4)(A) 4

17 U.S.C. § 304(c)(5) 5, 6, 10, 12, 13, 16, 17, 18, 19, 21

17 U.S.C. § 304(c)(6) 8

17 U.S.C. § 304(c)(6)(D) 7

17 U.S.C. § 304(d) 4, 9, 10, 32

17 U.S.C. § 304(d)(1) 12

Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 .....3, 4, 5, 6, 7, 8, 9, 14, 20, 29

§ 304, 90 Stat. 2574 4

Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, tit. I, 112 Stat. 2827 (1998) 4, 9

§ 102, 112 Stat. 2827–28 4

28 U.S.C. § 1254(1) 2

LEGISLATIVE MATERIALS

H.R. Rep. No. 60-2222 (1909) 5, 28

H.R. Rep. No. 94-1476 (1976) 3, 20, 21, 22, 23

Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, 87th Cong. (H. Comm. Print 1961) 20

OTHER MATERIALS

Amicus Br. of Professors Peter S. Menell and David Nimmer in Support of Petitioners, *Steinbeck v. Penguin Group (USA) Inc.*, No. 08-1039 (U.S. filed Mar. 18, 2009) 23

Adam R. Blankenheimer, *Of Rights and Men: The Re-Alienability of Termination of Transfer Rights in* Penguin Group v. Steinbeck, 24 BERKELEY TECH. L.J. 321 (2009) 27

Brief for Songwriters Guild of America et al. as Amici Curiae Supporting Petitioners, *Steinbeck v. Penguin Group (USA) Inc.*, No. 08-1039 (U.S. filed Mar. 19, 2009) 24, 26

Roxanne E. Christ, Milne v. Slesinger*: The Supreme Court Refuses to Review the Ninth Circuit's Limits on the Rights of Authors and Their Heirs to Reclaim Transferred Copyrights*, 14 UCLA ENT. L. REV. 33 (2007) 27-28

JULIE E. COHEN ET AL., COPYRIGHT IN A GLOBAL INFORMATION ECONOMY (2d ed. 2006) 13, 24

First Am. Compl., *DC Comics v. Pacific Pictures Corp.*, No. CV 10-3633 (C.D. Cal. filed Sept. 3, 2010), 2010 WL 4775560 25-26

EUGENE GRESSMAN ET AL., SUPREME COURT PRACTICE (9th ed. 2007) 30

Peter S. Menell & David Nimmer:

Judicial Resistance to Copyright Law's Inalienable Right to Terminate Transfers, 33 COLUM. J.L. & ARTS 227 (2010) 23, 26

Pooh-Poohing Copyright Law's "Inalienable" Termination Rights (UC Berkeley Pub. Law Research Paper No. 1525516, 2009), *available at* http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1525516 .....26, 28, 29

3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* 10, 27

Petition for a Writ of Certiorari, *Milne ex rel. Coyne v. Stephen Slesinger, Inc.*, No. 05-1332 (U.S. filed Apr. 17, 2006), 2006 WL 1048939 28

Allison M. Scott, Note, *Oh Bother:* Milne, Steinbeck, *and an Emerging Circuit Split over the Alienability of Copyright Termination Rights*, 14 J. INTELL. PROP. L. 357 (2007) 13, 27

Stephen E. Siwek, *Copyright Industries in the U.S. Economy: The 2003–2007 Report* (2009), *available at* http://www.iipa.com/pdf/IIPASiwekReport2003-07.pdf 25

Robert Trigaux, *A Sticky, Icky Mess*, ST. PETERSBURG TIMES ONLINE, Oct. 21 2001, http://www.sptimes.com/News/102101/Columns/A_sticky__icky_mess.shtml 25

Thomas Steinbeck and Blake Smyle respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Second Circuit in this case.

INTRODUCTION

Petitioner Thomas Steinbeck is the only living child of Nobel and Pulitzer Prize-winning author John Steinbeck, and petitioner Blake Smyle is John Steinbeck's only grandchild. In 2004, Thomas and Blake controlled 100% of the termination rights conferred by the federal Copyright Act, and they attempted to exercise those rights to terminate grants of copyright interests in 10 of John Steinbeck's works. This attempt was stymied by the Second Circuit's holding that their statutory termination rights were extinguished by an agreement made by John Steinbeck's third wife Elaine in 1994.

The issue of what effect to give an exercise of statutory termination rights, notwithstanding a contractual agreement to the contrary, has led to a deep and intractable conflict between the Second and Ninth Circuits, the two most important circuits for copyright law. With New York and California dominant in the worlds of book publishing, music, film, and software, it is a virtual certainty that continued litigation will arise over whether a copyright holder's statutory heirs may exercise their statutory termination rights or be thwarted by a contractual agreement seeking to override those rights. The outcome of that litigation will depend on the fortuity of which forum decides the case.

Had this case arisen in the Ninth Circuit rather than the Second Circuit, petitioners would have prevailed. Under Ninth Circuit precedent, the 1994 agreement would have had no effect on petitioners'

termination rights. Because Congress intended the statutory termination rights to protect particular relatives of the author, the Second Circuit's contrary holding nullifies Congress's intent on a question of surpassing importance to the operation of copyright law. This case provides an ideal vehicle for this Court to clarify what agreements can extinguish copyright termination rights to prevent further inconsistent results.

OPINIONS BELOW

The summary order of the court of appeals affirming final judgment (App. 1a–14a) is not reported (but is available at 2010 WL 3995982). The prior opinion of the court of appeals on interlocutory appeal (App. 15a–34a) is reported at 537 F.3d 193. The March 31, 2009 memorandum decisions and orders of the district court (App. 35a–62a, 63a–70a) are not reported (but are available at 2009 WL 928189 and 2009 WL 928171); the June 8, 2006 opinion and order of the district court addressing cross-motions for summary judgment (App. 71a–87a) is reported at 433 F. Supp. 2d 395.

JURISDICTION

The court of appeals entered its judgment on October 13, 2010. On January 3, 2011, Justice Ginsburg extended the time for filing a petition for a writ of certiorari to and including March 11, 2011. App. 159a. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

Relevant provisions of the Copyright Act, 17 U.S.C. §§ 203, 302, and 304, are reproduced at App. 93a–108a.

STATEMENT

A. Statutory Background

Termination rights permit authors and certain statutorily defined members of their families to recapture previously transferred copyright interests. *See* 17 U.S.C. §§ 203, 304(c). Congress created termination rights as a means of "safeguarding authors against unremunerative transfers" made before their works have been commercially exploited. H.R. Rep. No. 94-1476, at 124 (1976).

The value of an unexploited work is frequently "unknown or conjectural." *Stewart v. Abend*, 495 U.S. 207, 229 (1990) (internal quotation marks omitted). The transfer of copyright interests in an unexploited work therefore naturally reflects the risk that the work ultimately may be of little or no commercial value. But Congress recognized that authors, because of their "unequal bargaining position," bear a disproportionate amount of that risk. H.R. Rep. No. 94-1476, at 124. Early copyright transfers often have the effect of precluding authors and their families from sharing in the success of works that subsequently prove to have enduring commercial value. Termination rights mitigate that outcome by giving authors and statutorily defined members of their families a second chance to obtain a more equitable portion of a copyrighted work's value at a time when that value is more readily apparent.

The Copyright Act of 1976 ("1976 Act") created two similar sets of termination rights. For works copyrighted on or after January 1, 1978, holder(s) of termination rights can recapture previously transferred interests 35 years after the work is published. 17 U.S.C. § 203(a)(3). For works copyrighted before January 1, 1978—as were all of John Steinbeck's

works at issue here—holder(s) of termination rights can recapture previously transferred interests by filing a termination notice that takes effect during a 5-year period starting 56 years after the copyright was first secured. *Id.* § 304(c)(3).[1]

The Sonny Bono Copyright Term Extension Act of 1998 extended copyright protection for pre-1978 works to a total of 95 years. *See* Pub. L. No. 105-298, tit. I, § 102, 112 Stat. 2827, 2827–28 ("1998 Act"). To enable authors and statutorily defined members of their families to benefit from those additional 20 years of copyright protection, the 1998 Act opened another termination window. It permits holder(s) of termination rights to recapture the copyright interests by filing a termination notice that takes effect during the 5-year period starting 75 years after the copyright was first secured, but only if the termination rights had not been exercised during the earlier window created by the 1976 Act. 17 U.S.C. § 304(d).[2]

Congress carefully limited the class of persons who can exercise termination rights. If living during the termination window, the author alone can exercise the termination rights. If the author is not living, the rights are shared by the author's surviving spouse and descendents, *id.* §§ 203(a)(1)-(2), 304(c)(1)-(2), and can be exercised only by rights-

---

[1] Under the 1976 Act, copyright protection for pre-1978 works was extended to last a total of 75 years (*see* Pub. L. No. 94-553, § 304, 90 Stat. 2541, 2574), thereby enabling the holder(s) of the termination rights to make new contractual assignments for the last 19 years of copyright protection.

[2] The termination notice itself must be filed between 2 and 10 years before it takes effect, *i.e.*, the notice must be filed between years 65 and 78 and take effect between years 75 and 80. *See* 17 U.S.C. § 304(c)(4)(A).

holders who hold a percentage majority of the termination rights, *id.* §§ 203(a), 304(c). In either case, the termination rights must be exercised to take effect within the 5-year window. This Court has described the termination rights created under the 1976 Act as "inalienable." *Stewart*, 495 U.S. at 230. The statute states: "[t]ermination of the grant may be effected notwithstanding any agreement to the contrary." 17 U.S.C. §§ 203(a)(5), 304(c)(5).

The inalienability of termination rights contrasts with the alienability of renewal rights, their functional predecessor under the Copyright Act of 1909 ("1909 Act"). Under the 1909 Act, copyright protection was divided into an original term and a renewal term, each lasting 28 years. *See* Act of Mar. 4, 1909, ch. 320, § 23, 35 Stat. 1075, 1080.[3] The renewal term was a "completely separate" property right, *Stewart*, 495 U.S. at 218, reserved for the authors and certain members of their families. *See* 1909 Act § 23, 35 Stat. 1080; *see also* H.R. Rep. No. 60-2222, at 14 (1909) ("[I]t should be the exclusive right of the author to take the renewal term, and the law should be framed . . . so that [the author] could not be deprived of that right."). The purpose of the renewal term was to "permit[] the author, originally in a poor bargaining position, to renegotiate the terms of the grant once the value of the work has been tested." *Stewart*, 495 U.S. at 218–19.

---

[3] It is no coincidence that works under the 1909 Act had 56 years of copyright protection and that pre-1978 transfers revert after 56 years under § 304(c)(3). That symmetry in length ensures both that: (1) transferees whose rights are being terminated are not deprived of any benefits for which they bargained under the 1909 Act; and (2) owners of copyright interests by will or intestacy are not deprived of any benefits that were inheritable under the 1909 Act.

Grantees often were able to subvert that statutory purpose, however, by requiring authors to assign their rights under the renewal term at the same time they assigned their rights under the original term. For authors who survived until the beginning of the renewal term, the rights vested in them, but their pre-assignment of those rights was contractually binding. *See Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373, 375 (1960). This Court upheld the alienability of renewal rights under the 1909 Act because Congress did not expressly abrogate the previously "[un]questioned" right of authors to pre-assign their rights under the renewal term. *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 656 (1943). The *Fred Fisher* Court concluded that the policy considerations of inalienability were inconclusive: although it might protect authors "willing to sell their work for a mere pittance," *id.*, inalienability also would "prevent[] them from realizing on their assets when they are most in need of funds," *id.* at 657. Absent clearer statutory language, the *Fred Fisher* Court declined to hold that, "regardless of the circumstances surrounding a particular assignment, no agreements by authors to assign their renewal interests are binding." *Id.*

After a multi-decade period of study, Congress enacted legislation in 1976 to create copyright termination rights that would continue in existence "notwithstanding any agreement to the contrary." 17 U.S.C. §§ 203(a)(5), 304(c)(5). The 1976 Act sought to provide the clarity that the *Fred Fisher* Court found wanting in the 1909 Act. Both termination provisions of the 1976 Act specify that the only agreements capable of extinguishing termination rights are those made between the author—or familial

rights-holders who hold a percentage majority—and the original transferee, "after the notice of termination has been served." *Id.* §§ 203(b)(4), 304(c)(6)(D).

B. Factual Background

In 1938, John Steinbeck granted exclusive publication rights to The Viking Press for eight works authored between 1929 and 1938, including *Of Mice and Men*. *See* App. 16a–17a. As was customary at the time, this agreement included a pre-assignment of any rights he might obtain by renewing his copyright for a second 28-year term. One year later, the 1938 agreement was extended to several other works, including 1939's *The Grapes of Wrath*. *See* App. 17a. Viking subsequently assigned the publication rights to the Penguin Group (USA) Inc. ("Penguin"). *See id.*

John Steinbeck renewed the copyrights in each of the works under the then-controlling 1909 Act, granting the maximum 56 years of copyright protection available. *See id.* That action, however, provided him and his heirs little benefit: in the 1938 agreement, he had pre-assigned the renewal term for exclusive publication rights. *See id.*

When John Steinbeck died in 1968, he was survived by his third wife, Elaine, and by his two sons from a prior marriage, Thomas and John IV. *See id.* John Steinbeck, believing that his copyright interests had been fully assigned during his lifetime, failed to devise those interests, so they passed to Elaine under his will's residuary clause. *See* App. 17a, 77a.

The 1976 Act had the effect of extending the term for each of John Steinbeck's copyrights from 56 to 75 years. *See* App. 20a. For example, the expiration date for 1929's *Cup of Gold* was extended from 1985 to 2004. The termination rights granted by the Act

vested at the end of the original 56 years so, for example, the termination right for *Cup of Gold* could have been exercised to take effect between 1985 and 1990. *See id.*; 17 U.S.C. § 304(c).

Because John Steinbeck had died, Elaine, as his widow, received 50% of the termination interest, while Thomas and John IV, John Steinbeck's surviving children, each received 25% of the interest. *See* App. 77a–78a; 17 U.S.C. § 304(c)(2). Exercise of the termination rights required the assent of a majority of the interest, so Elaine lacked the requisite majority interest to terminate the 1938 agreement without the assent of either Thomas or John IV. *See* App. 77a–78a; 17 U.S.C. § 304(c)(2). When John IV died in 1991, his 25% termination interest passed to his only child, petitioner Blake Smyle. *See* App. 78a.

In 1994, Elaine, acting as owner of the copyright interest, contracted with Penguin to "re-grant" the exclusive publication rights that John Steinbeck had granted in 1938. The new agreement "also changed the economic terms of the 1938 Agreement, mostly to [Elaine's] benefit, by requiring Penguin to provide a far larger annual guaranteed advance, and royalties of between ten and fifteen percent of retail (rather than wholesale) sales." App. 18a. At the time Elaine made this agreement, the 1976 Act's termination window was open for several of John Steinbeck's best-known works (including *Tortilla Flat*, *Of Mice and Men*, and *The Grapes of Wrath*), but Elaine could not have unilaterally terminated the 1938 grant of publication rights for those works.[4] *See* App. 17a–

[4] Absent termination, a contract simply continues on the same terms for the rest of the extended copyright term (*i.e.*, the added 19 years). *See* 17 U.S.C. § 304(c)(6).

18a, 79a n.16, 80a-81a. Neither Thomas nor Blake was a party to the 1994 agreement.

Elaine died in 2003, bequeathing the proceeds of the 1994 agreement and future control of John Steinbeck's literary legacy to respondents, none of whom is related to John Steinbeck. *See* App. 18a, 79a. At her death, however, Elaine's 50% termination interest did not pass to respondents. By statute, Thomas and Blake each have held a 50% termination interest since 2003. *See id.*

By 2003, the window in which to exercise the termination rights conferred by the 1976 Act had closed for all of John Steinbeck's works encompassed by the 1938 agreement. Because those rights had not been exercised, however, the 1998 Act opened a new termination window 75 years after the original copyright in each work. *See* App. 23a; 17 U.S.C. § 304(d).

In 2004, 75 years after John Steinbeck published his first novel, *Cup of Gold*, petitioners, now jointly in possession of the entire termination interest in John Steinbeck's works, served a notice of termination to reclaim the copyright interests as provided by Congress. *See* App. 79a. Litigation ensued.

C. Lower Court Proceedings

1. Penguin sued petitioners in the United States District Court for the Southern District of New York, seeking a declaratory judgment that the termination notice was invalid. *See* App. 23a. Petitioners filed the present suit, an entirely separate action, against respondents in the same court, bringing claims including unjust enrichment. *See* App. 23a–24a, 35a–38a. Respondents counterclaimed for a declaratory judgment that the notice was invalid. *See* App. 23a–24a. The district court consolidated the two separate

suits to rule on the validity of the termination notice. *See id.*

On cross-motions for summary judgment in each suit, the district court upheld the termination notice under § 304(d). The court rejected the contention that the 1994 agreement extinguished the termination rights by cancelling the 1938 agreement (the pre-1978 grant to which the termination rights applied). *See* App. 80a–82a & n.23. The court concluded that, "to the extent that the 1994 Agreement would strip Thom and Blake . . . of their inalienable termination rights in the pre-1978 grants, it is void as an 'agreement to the contrary.'" App. 82a (quoting 17 U.S.C. § 304(c)(5)).

The district court concluded that Congress created the termination right "to provide successors in interest with an opportunity to obtain the fair value of the work by negotiating new terms for previously granted rights once the work's true value has appeared." App. 75a (citing 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 11.01[A] ("*Nimmer on Copyright*")). As the court explained, Congress provided that the right could be exercised "notwithstanding any agreement to the contrary," a statutory prohibition on eliminating termination rights by contract that "is intended to be broadly applied to invalidate such unlawful contracts and liberally protect termination rights." App. 76a & n.10.

The district court also emphasized that the 1994 agreement "explicitly carries forward possible future termination under the statute." App. 81a. As a result, "[t]he contention that the 1994 Agreement extinguished the very termination right that it expressly acknowledges both exists and flows from

the 1930s copyrights necessarily fails." App. 81a–82a.

2. On respondents' interlocutory appeal in the present case (and Penguin's appeal in the consolidated case), the Second Circuit reversed, concluding that petitioners' termination notice was invalid. *See* App. 16a. The court held that the 1994 agreement between Elaine and Penguin terminated and superseded the 1938 agreement and therefore "le[ft] in effect no pre-1978 grants to which the termination rights provided by section 304(d) could be applied." App. 25a. The Second Circuit disagreed with the district court's conclusion that the 1994 agreement was an invalid "agreement to the contrary," believing instead that parties to a contract may "eliminat[e] . . . a termination right through termination of a pre-1978 contractual grant." App. 32a. Although the 1994 agreement addressed the future exercise of termination rights, the court of appeals believed that "[n]one of the parties could have contemplated [in 1994] that Congress would create a second termination right" in 1998, and therefore the 1994 agreement could not be an "agreement to the contrary." App. 30a.

The present petitioners sought this Court's review of the Second Circuit's interlocutory judgment in the present case (along with the judgment in the consolidated Penguin case), but this Court denied the certiorari petition. *See Steinbeck v. Penguin Group (USA) Inc.*, 129 S. Ct. 2383 (2009).

3. On remand from the Second Circuit, the district court granted the declaratory relief requested by Penguin in the consolidated case and declared the 2004 termination notice invalid, so Penguin retains the publication rights granted by the 1994 agree-

ment. *See* App. 90a. Penguin's case against petitioners is now final.

In the present case, the court granted respondents summary judgment on petitioners' unjust enrichment and other claims, and it entered final judgment for respondents. *See* App. 61a–62a. On appeal, the Second Circuit affirmed the final judgment. *See* App. 14a.

Because petitioners' claims against respondents turn on the Second Circuit's earlier disposition of the interlocutory appeal concerning termination, petitioners bring this petition seeking review of the court of appeals' final judgment incorporating the earlier holding that petitioners lacked power under the Copyright Act to exercise their termination rights.

REASONS FOR GRANTING THE PETITION

I. THE DECISION BELOW IRRECONCILABLY CONFLICTS WITH NINTH CIRCUIT DECISIONS ON THE PROPER INTERPRETATION OF 17 U.S.C. § 304(c)(5), WHICH GRANTS "INALIENABLE" TERMINATION RIGHTS TO AUTHORS AND THEIR HEIRS "NOTWITHSTANDING ANY AGREEMENT TO THE CONTRARY"

Because Congress intended termination rights under the Copyright Act to be "inalienable," *Stewart*, 495 U.S. at 230, it provided that a deceased author's statutory heirs could exercise their termination rights "notwithstanding any agreement to the contrary." 17 U.S.C. §§ 203(a)(5), 304(c)(5), (d)(1). The Second and Ninth Circuits are in square conflict on the meaning of that key phrase. If this case had arisen in the Ninth Circuit, petitioners undoubtedly would have prevailed. Indeed, in *Classic Media, Inc. v. Mewborn*, 532 F.3d 978 (9th Cir. 2008), the Ninth

Circuit explicitly discussed and followed the initial district court decision in petitioners' favor, quoting the conclusion that the 1994 agreement was "'void as an "agreement to the contrary" pursuant to 17 U.S.C. § 304(c)(5)' and 'must be set aside as contrary to the very purpose of the termination statute.'" *Id.* at 986 (quoting App. 82a, 83a n.23).

The conflict is particularly serious "given the importance of those two circuits in interpreting copyright law generally." Allison M. Scott, Note, *Oh Bother:* Milne, Steinbeck, *and an Emerging Circuit Split over the Alienability of Copyright Termination Rights*, 14 J. INTELL. PROP. L. 357, 360 (2007). As other commentators similarly have explained, the Second and Ninth Circuits "tend to be leaders in the copyright field given the presence of substantial publishing, entertainment, and software companies in their jurisdictions." JULIE E. COHEN ET AL., COPYRIGHT IN A GLOBAL INFORMATION ECONOMY 336 (2d ed. 2006) ("COHEN").

This Court should grant certiorari to resolve a fundamental question of copyright law that has divided the courts that most often face the issue.

A. In The Ninth Circuit, A Post-1978 Agreement Is Ineffective Under § 304(c)(5) To Defeat Termination Rights Unless A Statutory Heir Concluded That Agreement At A Time When He Or She Could Have Exercised The Termination Rights

The Ninth Circuit has recognized that the congressional goal in creating termination rights was to give authors and their statutory heirs the power to negotiate a better agreement after the commercial value of a work has been established. The Ninth Circuit therefore invalidates post-1978 agreements under-

mining that goal as "agreement[s] to the contrary" but it permits post-1978 agreements that advance the congressional purpose. Two cases establish the parameters of the Ninth Circuit's approach.

In *Milne ex rel. Coyne v. Stephen Slesinger, Inc.*, 430 F.3d 1036 (9th Cir. 2005), the granddaughter of A.A. Milne, who created Winnie the Pooh, sought to terminate rights granted by her grandfather in 1930 and re-granted by her father, Christopher Robin Milne, in 1983. When her father negotiated the 1983 agreement, he had the power to file a notice of termination under the Copyright Act. Rather than exercising that power, which would have allowed him to recapture the relevant rights and negotiate a new agreement with anyone, he instead used his power as crucial leverage to negotiate a very favorable deal with the original grantee. Because that was exactly the type of agreement "expressly contemplated and endorsed by Congress," the court did "not consider it to be a prohibited 'agreement to the contrary' under section 304(c)(5)." *Id.* at 1046.

The situation in *Mewborn*, however, was very different. In 1976, the daughter of Eric Knight, who wrote *Lassie Come Home*, assigned certain *Lassie* rights. Two years later, shortly after the effective date of the 1976 Act, she purported to reassign those rights and also granted some related rights. *See* 532 F.3d at 980–81. Then, in 1996, she attempted to terminate the 1976/1978 assignment. The district court ruled for the grantee, holding—much as the Second Circuit did in the decision below—that the 1978 assignment functionally destroyed the termination rights. The Ninth Circuit reversed, holding that, to the extent the 1978 assignment defeated the ter-

mination rights, it "would be void as an 'agreement to the contrary.'" *Id.* at 986.

The crucial factor distinguishing the cases is whether the party who concluded the post-1978 agreement had the ability to terminate the prior grant at the time the new agreement was made. The *Mewborn* court recognized that, "[w]hereas Mewborn in 1978 did not even have the right to serve an advance notice of termination . . . the heir in *Milne* had the present right to serve an advance notice of termination, and could exercise it at any moment." *Id.* at 987. The court continued: "[t]hus when the Milne heir chose to use the leverage of imminent [termination rights] vesting to revoke the pre-1978 grant and enter into a highly remunerative new grant of the same rights, *it was tantamount to following the statutory formalities*, and achieved the exact policy objectives for which § 304(c) was enacted." *Id.* (emphasis added, citation omitted). The court concluded that, "unlike [Christopher] Milne, Mewborn had nothing in hand with which to bargain." *Id.* at 989.

Together, *Milne* and *Mewborn* establish a clear rule in the Ninth Circuit: a post-1978 agreement is void as an "agreement to the contrary" if, as in *Mewborn*, the grantor lacked the power to exercise the termination rights when the agreement was made. But if, as in *Milne*, the grantor had the power to terminate, a new agreement made in such a bargaining position is "tantamount to following the statutory formalities" for terminating the old copyright interests. Thus, the new agreement is not void as an agreement to the contrary. *Id.* at 987.

B. The Second Circuit Enforces Post-1978 Agreements Without Regard To Whether Grantors Could Exercise Termination Rights

In the decision below, the Second Circuit adopted an approach directly contrary to that taken in the Ninth Circuit. The court below held that a post-1978 agreement extinguishes the termination rights that Congress created for pre-1978 grants without regard to whether the grantor was able to exercise termination rights at the time of the agreement. *See* App. 32a ("provided that a post-1978 agreement effectively terminates a pre-1978 grant, Congress did not manifest *any* intent for the earlier agreement to survive") (emphasis added).

The court below held that the 1994 agreement successfully effectuated Elaine's decision to "exhaust[] the single opportunity provided by statute to . . . statutory heirs to revisit the terms of [the author's] original grants of licenses," App. 33a, notwithstanding that she lacked a majority statutory interest sufficient to exercise the termination rights, App. 30a n.5. That holding renders § 304(c)(5) superfluous. It would allow the copyright holder, whether or not that individual was a statutory heir, unilaterally to extinguish the statutory heirs' termination rights by contract. The court stated, "[w]e do not read the phrase 'agreement to the contrary' so broadly that it would include any agreement that has the effect of eliminating a termination right." App. 29a. But the court's holding has the effect of reading the phrase so narrowly that it would not apply to *any* agreement.

The court below dismissed as irrelevant the inability of either Elaine or petitioners, standing alone, to exercise termination rights in 1994. In contrast with

Mewborn, in which the heir's inability to exercise termination rights at the time played a central role in the Ninth Circuit's analysis, the court below held that petitioners' inability to exercise termination rights in 1994 simply showed that "the [1994] agreement . . . did not deprive the Steinbeck Descendents of any rights they could have realized at that time." App. 30a.

C. Under The Ninth Circuit's Interpretation Of § 304(c)(5), The 1994 Agreement In This Case Would Have Been Void As An "Agreement To The Contrary"

Petitioners would have prevailed in the Ninth Circuit because Elaine was unable to exercise the statutory termination rights at the time the 1994 agreement was made, given that neither she nor petitioners had a majority of the rights. Thus, the 1994 agreement would have been void as an "agreement to the contrary" because Elaine was unable to threaten termination to "improve [her] bargaining position . . . by giving [her] a second chance to negotiate more advantageous grants." *Milne*, 430 F.3d at 1046 (citation and internal quotations omitted). Like the heir in *Mewborn*, but unlike the heir in *Milne*, Elaine "had nothing in hand with which to bargain." *Mewborn*, 532 F.3d at 989.

Mewborn's similarity to the present case is further demonstrated by the *Mewborn* court's reliance on the initial district court decision in petitioners' favor. *See id.* at 986 (quoting and citing App. 82a & 83a n.23 in finding that Mewborn's post-1978 agreement was void as an agreement to the contrary).

Because the Second and Ninth Circuits are irreconcilably split on the proper interpretation of the "any agreement to the contrary" language of

§ 304(c)(5), and because the split was outcome-determinative in this case, the Court should grant certiorari to resolve this issue.

II. THE SECOND CIRCUIT'S JUDGMENT IS IN ERROR

The court of appeals incorrectly held that the 1994 agreement extinguished petitioners' termination rights. The Second Circuit's decision misreads the statute's plain language and undermines Congress's intent to give the added benefit of an extended copyright term to the author and statutorily defined members of the author's family.

Based on the Second Circuit's erroneous ruling, a person who contractually holds a copyright interest can completely void a statutory heir's termination rights by renegotiating that contract before the holders of the termination rights can exercise them—even though Congress specifically gave termination rights only to authors and their statutory heirs, not to persons holding contractual interests. Elaine renegotiated the 1938 contract based on her contractual right to do so and not because she possessed the majority interest under the statute sufficient to exercise any of § 304(c)'s termination rights. In so doing, she attempted to strip petitioners of their statutory termination rights, and the Second Circuit erred by validating her action.

A. The Plain Language Controls This Case

Section 304(c)(5) provides: "Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant." 17 U.S.C.

§ 304(c)(5).[5] Section 304(c)(2) further provides who has the power to exercise the termination rights when "an author is dead." It states that, when an author leaves a widow and "surviving children or grandchildren of the author," the widow "owns one-half of the author's [termination] interest" and the "author's surviving children, and the surviving children of any dead child of the author," own "one-half of the author's interest . . . divided among them." *Id.* § 304(c)(2)(A), (B). Finally, § 304 makes clear that the termination rights can be exercised only by "the person or persons who . . . own and are entitled to exercise a total of more than one-half of that author's termination interest." *Id.* § 304(c)(1).

Under those plain terms, Elaine shared equally in the termination rights with petitioners and lacked the power unilaterally to exercise those rights. The 1994 agreement for continued publication thus represents an "agreement to the contrary" of termination, which is invalid under § 304(c)(5).

B. The Legislative History Reinforces That Plain Reading Of The Statute

Because she did not possess more than one-half of the statutory termination rights, Elaine entered into the 1994 agreement with Penguin merely as the holder of the copyright interest, not as someone who could exercise the statutory termination rights. The decision below, therefore, permits mere copyright holders to extinguish "inalienable" termination rights that Congress carefully assigned to certain members of an author's family.

---

[5] That language has remained unchanged since its enactment in 1976.

Allowing a copyright holder to contract away termination rights would achieve the precise result that Congress sought to prevent after *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943). In that case, this Court held that an author could assign the initial and renewal terms at the same time, notwithstanding statutory protections in the 1909 Copyright Act designed to protect authors with respect to renewal terms. *Fred Fisher* caused grantees "to insist that authors assign both their initial and renewal rights to them in one transfer." *Marvel Characters, Inc. v. Simon*, 310 F.3d 280, 284 (2d Cir. 2002). The 1976 Act represented Congress's response to that development and its rejection of "the continual erosion of authors' rights" under the *Fred Fisher* construction of the 1909 Act. *Id.*

The 1976 Act extended the copyright term once again and gave termination rights to authors and their statutory heirs, who are the specific people that Congress enumerated within the statute. *See* H.R. Rep. No. 94-1476, at 124. Section 304(c) "was drafted so as to leave no doubt about the family's power to recapture the copyright." *Larry Spier, Inc. v. Bourne Co.*, 953 F.2d 774, 779–80 (2d Cir. 1992). Such a congressional purpose could be achieved only if the termination rights were inalienable for the families of authors. In a 1961 detailed study of copyright law, the Copyright Office stated that "the primary purpose of the reversionary provision would seem to require that the renewal right be made unassignable in advance." *Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law*, 87th Cong. 54 (H. Comm. Print 1961). By allowing the 1994 agreement to extinguish petitioners' termination rights, the Second Circuit's judgment erroneous-

ly permits Elaine to contract away petitioners' statutory termination rights simply because she was the contractual interest holder of the copyright at the time. Yet this legislative history confirms that Congress intended precisely the opposite result under § 304(c)(5).

C. The Second Circuit's Interpretation Undermines The Purposes That Congress Sought To Achieve In § 304(c)(5)

As the district court properly concluded, "[a]ny interpretation of the 1994 Agreement having the effect of disinheriting the statutory heirs to the termination interest . . . in favor of Elaine's heirs must be set aside as contrary to the very purpose of the termination statute." App. 83a n.23.

One purpose Congress sought to achieve was to confer on authors and their statutory heirs a specific benefit by "reliev[ing] authors of the consequences of ill-advised and unremunerative grants that had been made before the author had a fair opportunity to appreciate the true value of his work product." *Marvel Characters*, 310 F.3d at 290 (quoting *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 172–73 (1985)). A House report stated that §§ 203 and 304 of the Copyright Act are "needed because of the unequal bargaining position of authors, resulting in part from the impossibility of determining a work's value until it has been exploited." H.R. Rep. No. 94-1476, at 124. Congress's intent was to make clear that "[t]he arguments for granting rights of termination are even more persuasive under section 304 than they are under section 203; the extended term represents a completely new property right, and there are strong reasons for giving the author, who is the fundamental beneficiary of copyright under the Con-

stitution, an opportunity to share in it." *Id.* at 140. Congress therefore specifically intended for authors and certain members of their families—not those who held the contractual right to a copyright interest—to retain the benefits of the extended copyright through termination rights.

Congress further intended to limit any contractual end-run around termination rights to ensure that the added statutory protections actually benefited the enumerated persons Congress sought to protect. Congress provided that the rights could be exercised "notwithstanding any agreement to the contrary" to ensure that authors could not waive future termination rights. *See Marvel Characters*, 310 F.3d at 290 ("the clear Congressional purpose behind § 304(c) was to prevent authors from waiving their termination right by contract").

The 1994 agreement is precisely the type of agreement that Congress intended to prohibit in § 304(c)—an agreement that deprives the statutorily defined members of the author's family of the benefit of the copyright extension. The district court interpreted § 304(c)'s prohibition "to be broadly applied to invalidate such unlawful contracts and liberally protect termination rights. Indeed, copyright termination abrogates freedom of contract in two ways: it allows for the invalidation of the original contractual transfer, and it abrogates subsequent attempts to contract around the termination right it creates." App. 76a n.10 (citations omitted). The district court correctly ruled that the 1994 agreement could not extinguish petitioners' termination rights.

By contrast, the Second Circuit's decision severely undercuts Congress's intent to benefit authors and their enumerated family members in establishing

termination rights. "Congress could not have more clearly manifested its intent that authors and their families should enjoy an inalienable right to terminate transfer, and the Second Circuit could not have more patently violated it." Peter S. Menell & David Nimmer, *Judicial Resistance to Copyright Law's Inalienable Right to Terminate Transfers*, 33 COLUM. J.L. & ARTS 227, 238 (2010) ("Menell & Nimmer, *Judicial Resistance*"); *see also* Amicus Br. of Professors Peter S. Menell and David Nimmer in Support of Petitioners, *Steinbeck v. Penguin Group (USA) Inc.*, No. 08-1039 (U.S. filed Mar. 18, 2009).

III. THE QUESTION PRESENTED IS OF GREAT SIGNIFICANCE FOR COPYRIGHT LAW

The question presented in this case is one of critical importance for copyright law. As explained above, the Second Circuit's decision directly undermines the purpose of the termination rights granted by § 304. Despite Congress's clear desire to protect authors and enumerated heirs from unremunerative grants via the termination rights,[6] the Second Circuit functionally has rewritten § 304 to benefit publishers. *See* Menell & Nimmer, *Judicial Resistance*, 33 COLUM. J.L. & ARTS at 235 ("*Steinbeck* encourage[s] publishers to renegotiate copyright grants to prevent statutory heirs from later exercising termination. Publishers once again have an easy tool to block ter-

---

[6] *See* H.R. Rep. No. 94-1476, at 124 ("[T]he proposed law should substitute for [the reversionary provisions of the 1909 Act] a provision safeguarding authors against unremunerative transfers. A provision of this sort is needed because of the unequal bargaining position of authors, resulting in part from the impossibility of determining a work's value until it has been exploited.").

mination without having to confer adequate benefits on authors and their families."). That judicial rewriting is simply impermissible. *See Eldred v. Ashcroft*, 537 U.S. 186, 212 (2003) ("[I]t is generally for Congress, not the courts, to decide how best to pursue the Copyright Clause's objectives."); *Stewart*, 495 U.S. at 230 ("[I]t is not our role to alter the delicate balance Congress has labored to achieve.").

The Second and Ninth Circuits, which are squarely in conflict on this issue, are "leaders in the copyright field given the presence of substantial publishing, entertainment, and software companies in their jurisdictions." COHEN at 336. The boundaries of those two circuits contain vast amounts of intellectual property rights. New York is home to the country's "four 'major' music publishing companies." Brief for Amici Curiae Songwriters Guild of America et al. in Support of Petitioners at 16, *Steinbeck v. Penguin Group (USA) Inc.*, No. 08-1039 (U.S. filed Mar. 19, 2009) ("Songwriters Amici Br."). California is home to Hollywood and the nation's "Big Six" movie studios. Different interpretations of a crucial copyright law provision in New York and California thus encourage a race to the *right* courthouse: New York for publishers, California for authors. Resolving this split is necessary to the maintenance of uniform copyright law.

In addition, the rights to some of the world's most celebrated copyrighted works are affected by the split. The cases testing the law on termination rights well illustrate that point. *See* App. 16a–17a (*The Grapes of Wrath*, *Of Mice and Men*, and others of Steinbeck's "best-known works"); *Mewborn*, 532 F.3d at 979 ("world-famous children's story and novel, *Lassie Come Home*"); *Milne*, 430 F.3d at 1039

(*Winnie-the-Pooh* and other "classic children's books" featuring Christopher Robin and his stuffed bear); *Marvel Characters*, 310 F.3d at 282 ("now iconic *Captain America Comics*").

Copyright law protects considerable value for the holders of these copyrights, and the termination rights preserve the enumerated heirs' ability to benefit from that value. Nationally, the "core" copyright industries—such as motion picture, recording, and music publishing—generated more than $889 billion in revenue in 2007, a figure representing 6.44% of GDP. Stephen E. Siwek, *Copyright Industries in the U.S. Economy: The 2003–2007 Report* 3 (2009), *available at* http://www.iipa.com/pdf/IIPASiwek Report2003-07.pdf. Individual copyrights often create multigenerational wealth for those who control them. At stake in *Milne*, for example, were the rights to the iconic Winnie the Pooh. *See* 430 F.3d at 1039. The Walt Disney Company's Pooh-related merchandise sales brought the company somewhere between $4.5 and $6 billion in 2000 alone. *See* Robert Trigaux, *A Sticky, Icky Mess*, ST. PETERSBURG TIMES ONLINE, Oct. 21 2001, http://www.sptimes. com/ News/102101/Columns/A_sticky__icky_mess.shtml. When Pooh creator A.A. Milne's heirs renegotiated their rights with copyright holder Stephen Slesinger, Inc., the net gain of the new contract was estimated to be in the "hundreds of millions of dollars." *Milne*, 430 F.3d at 1040–41.

Litigation over termination rights is not likely to decrease absent a clear statement of the law from this Court. For example, a termination dispute in California currently embroils the rights to Superman, who was created in the 1930s. *See* First Am. Compl., *DC Comics v. Pacific Pictures Corp.*, No. CV

10-3633 (C.D. Cal. filed Sept. 3, 2010), 2010 WL 4775560. Within the next decade, the copyrights to a number of classic American songs will become eligible for termination, including "Great Balls of Fire," "Tequila," and "Yakety Yak." *See* Songwriters Amici Br. at 6–7.

Further, while pre-1978 works are most directly affected by this split, post-1978 works likely will face the same uncertainty because § 203 includes an identical termination provision: "Termination of the grant may be effected notwithstanding any agreement to the contrary." 17 U.S.C. § 203(a)(5); *see also* Peter S. Menell & David Nimmer, *Pooh-Poohing Copyright Law's "Inalienable" Termination Rights* 14 (UC Berkeley Pub. Law Research Paper No. 1525516, 2009) ("Menell & Nimmer, *Pooh-Poohing*") (predicting "protracted courtroom battles when [authors and their successors] attempt to enforce their statutorily mandated recapture rights" under § 203), *available at* http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1525516. "When [post-1978] grants become terminable beginning in 2013, courts are likely to look to the *Steinbeck* decision to determine whether the author's right to terminate is available," thereby allowing the current confusion to contaminate additional generations of copyrights. Menell & Nimmer, *Judicial Resistance*, 33 COLUM. J.L. & ARTS at 233 (footnote omitted).

That confusion may deter many copyright holders from exercising their termination rights given that contentious litigation is virtually certain to ensue. Nearly seven years after serving notice of their intent to exercise their termination rights, for example, petitioners are still litigating for control over John Steinbeck's literary legacy. *Mewborn* provides

another cautionary tale: after serving her termination notice, successor-in-interest Winifred Knight Mewborn was met with "acrimonious charges, threats and demands," including threats by Classic Media to sue her "'personally'" for "'extortion,'" and was ultimately made a party to the litigation resolving the termination dispute. *Mewborn*, 532 F.3d at 981; *see also Milne*, 430 F.3d at 1041 (lawsuit filed "the day after [Clare Milne] served the termination notice").

The controversial, conflicting decisions from the Second and Ninth Circuits have spurred a steady stream of academic commentary, much of it critical. Notably, despite the varying perspectives on the proper interpretation of § 304, virtually all commentators have recognized the importance of the issue and the need for clarification and uniformity. *See* 3 *Nimmer on Copyright* § 11.07 ("If the Court grants *certiorari* [in *Steinbeck*], then its resulting decision will become of primary importance to termination of transfers. If the Court denies the petition, then the combined force of the decisions from the Ninth and Second Circuits will threaten to render termination of transfer a dead letter."); Adam R. Blankenheimer, *Of Rights and Men: The Re-Alienability of Termination of Transfer Rights in* Penguin Group v. Steinbeck, 24 BERKELEY TECH. L.J. 321, 339 (2009) ("It is unlikely that the rule in Steinbeck and Milne will yield reliable results."); Scott, 14 J. INTELL. PROP. L. at 387–88 ("A true tension exists between the decisions from the Second and Ninth Circuits . . . . Accordingly, the Supreme Court should, upon its next opportunity, resolve the current split of authority . . . ."); Roxanne E. Christ, Milne v. Slesinger*:* *The Supreme Court Refuses to Review the Ninth Circuit's*

Limits on the Rights of Authors and Their Heirs to Reclaim Transferred Copyrights, 14 UCLA ENT. L. REV. 33, 45 (2007) (predicting that *Steinbeck* would create a circuit split, rendering Supreme Court review appropriate because "[a] lingering circuit split, should one occur, would create unpredictability in copyright law and make ownership of many multi-billion dollar copyright franchises contingent upon the jurisdiction and venue where the disputes are heard, rather than on their merits"); *see also* Petition for a Writ of Certiorari at 25, *Milne ex rel. Coyne v. Stephen Slesinger, Inc.*, No. 05-1332 (U.S. filed Apr. 17, 2006), 2006 WL 1048939 (arguing that interpretation of termination rights has "broad significance for all existing and future copyrighted works").

Commentators have expressed particular concern about the conflicting visions of copyright law articulated by Congress and the courts. *See* Menell & Nimmer, *Pooh-Poohing* at 13–14 (arguing that the current interpretation of termination rights "not only harm[s] the statutory successors of innumerable copyrights, but also undermine[s] Congress's intention of shielding authors from the pressures of unequal bargaining power that had produced unremunerative transfers in the creative arts"). In the 1909 Copyright Act, Congress intended the 28-year renewal term to function as an exclusive right of the author to recapture and renegotiate rights previously granted. *See* 1909 Act §§ 23–24, 35 Stat. 1080–81; H.R. Rep. No. 60-2222, at 14–15. This Court initially frustrated that intent by holding that authors could assign their renewal rights, thereby allowing publishers to bargain for both initial and renewal term rights before the value of the work was established. *See Fred Fisher*, 318 U.S. at 657–58. In response,

Congress passed the 1976 Copyright Act explicitly to overrule *Fred Fisher* by providing the guaranteed termination rights. *See* Menell & Nimmer, *Pooh-Poohing* at 5–6. The Second Circuit, however, functionally resurrected *Fred Fisher* by holding that the termination rights are not, as Congress intended, inalienable. *See id.* at 14–15 ("That construction substitutes judicial discretion for the categorical rule that Congress legislated; in the process, it threatens to inflict the harms on authors that Congress intended its bright-line rule to avoid."). Because that holding is diametrically opposed to Congress's intent in drafting the Copyright Act on an issue of great significance to copyright holders, review by this Court is warranted.

IV. THIS CASE PROVIDES THE COURT WITH AN IDEAL VEHICLE TO RESOLVE THE CONFLICT BETWEEN THE NINTH AND SECOND CIRCUITS

The current posture of this case provides an ideal vehicle for this Court to resolve the question whether a copyright interest holder can extinguish statutory termination rights by entering into a new agreement to terminate a pre-1978 transfer of copyright. The issue comes before the Court after final judgment in the courts below disposing of all claims. Whether termination rights may be so extinguished remains a central issue in this case, which allows the Court to address directly the substantial confusion among lower courts on this question.

A. The Final Judgment Below Removes Any Obstacles To This Court's Review Of The Second Circuit's Determination That The 1994 Agreement Effectively Extinguished Petitioners' Termination Rights

Denial of the first petition for certiorari in this case does not preclude this Court from granting review now that final judgment has issued. This Court "generally await[s] final judgment in the lower courts before exercising [its] certiorari jurisdiction," and denial of certiorari at an interlocutory stage "does not preclude [a party] from raising the same issues in a later petition, after final judgment has been rendered." *Virginia Military Inst. v. United States*, 508 U.S. 946, 946 (1993) (Scalia, J., respecting the denial of certiorari); *see also Wrotten v. New York*, 130 S. Ct. 2520, 2521 (2010) (Sotomayor, J., respecting the denial of certiorari) ("In light of the procedural difficulties that arise from the interlocutory posture, I agree with the Court's decision to deny the petition for certiorari."); *Missouri v. Jenkins*, 515 U.S. 70, 83–86 (1995) (discussing the Court's decision to review the scope of the district court's remedial powers after having previously denied certiorari on the same issue in the same litigation); EUGENE GRESSMAN ET AL., SUPREME COURT PRACTICE 283 (9th ed. 2007) ("[d]enial of certiorari at the interlocutory stage . . . is without prejudice to renewal of the questions presented when certiorari is later sought from the final judgment").

Nor does denial of certiorari at the interlocutory stage reflect the Court's views on the merits or the importance of the question presented. *See Wrotten*, 130 S. Ct. at 2521 (Sotomayor, J., respecting the denial of certiorari) ("[F]ollowing the example of

some of my colleagues, 'I think it appropriate to emphasize that the Court's action [in denying certiorari from an interlocutory appeal] does not constitute a ruling on the merits and certainly does not represent an expression of any opinion concerning' the importance of the question presented.") (quoting *Moreland v. Federal Bureau of Prisons*, 547 U.S. 1106, 1107 (2006) (Stevens, J., respecting the denial of certiorari)); *see also Bethley v. Louisiana*, 520 U.S. 1259, 1259 (1997) (Stevens, J., respecting the denial of certiorari) ("It is well settled that our decision to deny a petition for writ of certiorari does not in any sense constitute a ruling on the merits of the case in which the writ is sought.").

Indeed, this Court long has followed a practice of granting certiorari in cases in which it previously has denied interlocutory review on the question presented. *See, e.g., United States v. Virginia*, 518 U.S. 515, 526 (1996); *Washington v. Washington State Commercial Passenger Fishing Ass'n*, 443 U.S. 658, 672 & n.19 (1979) ("Despite our earlier denial of certiorari on the [question], we decline . . . to treat the matter as having been finally adjudicated."); *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 257–58 (1916) (holding that denial of certiorari at an earlier, interlocutory stage of the litigation did not serve as *res judicata* as between the two parties in the controversy).

B. Whether The 1994 Agreement Extinguished Petitioners' Termination Rights Is Of Central Importance To The Resolution Of The State-Law Claims On Remand

Resolution of the question of federal law presented here is central to petitioners' state-law claims against respondents. Petitioners seek review by this

Court of the Second Circuit's holding that parties to a contract may "eliminat[e] . . . a termination right through termination of a pre-1978 contractual grant." App. 32a. As a result of the Second Circuit's erroneous holding, the district court dismissed all of petitioners' state-law claims against respondents, including claims for damages arising from the loss of their entitlement to terminate and renegotiate copyright assignments for works subject to termination under § 304(c) and (d). *See* App. 61a-62a; *see also* Complaint at 12–14, No. 04-cv-5497 (S.D.N.Y. filed July 15, 2004) ("Compl."). A decision by this Court reversing the Second Circuit's erroneous ruling will reinstate the federal law foundation of petitioners' state-law claims.

Petitioners' complaint sought relief for injuries caused, *inter alia*, by respondents' deprivation of petitioners' statutory rights to terminate and recapture ownership of the copyrights in several works by John Steinbeck. Compl. at 12–14. Furthermore, petitioners asserted that respondents had been, and continue to be, unjustly enriched as a result of their unlawful interference with petitioners' termination rights. *Id.*

Respondents' counterclaims challenged the validity of petitioners' termination notices and thereby challenged the basis for some of petitioners' claims of unjust enrichment. *See* Answer and Counterclaims of The Estate of Elaine Steinbeck at 24–25, 43–44, No. 04-cv-5497 (S.D.N.Y. filed Sept. 30, 2004) (App. 115a–117a) ("Elaine Countercls."); Answer and Counterclaims of Jean Anderson Boone at 21–22, 35–36, No. 04-cv-5497 (S.D.N.Y. filed Sept. 30, 2004) (App. 110a–112a); Answer and Counterclaims of Waverly Scott Kaffaga et al. at 20–21, 36–37, No. 04-cv-5497 (S.D.N.Y. filed Sept. 30, 2004) (App. 120a–

122a). Respondents themselves conceded that resolution of the question whether the 1994 agreement extinguished petitioners' termination rights would have "an effect on [their legal] rights and obligations." Elaine Countercls. at 43 (App. 115a).[7] They therefore asked the district court to declare the termination notices invalid and order that "[t]he *status quo* remain[] as it existed" prior to the notices. *Id.* at 45 (App. 117a).

In determining that the 1994 agreement extinguished petitioners' termination rights, the Second Circuit acknowledged the benefit that its holding conferred on respondents at the expense of petitioners' interests. *See* App. 33a. In particular, the court held that, "[i]n this case, [Elaine] had the opportunity in 1994 to renegotiate the terms of the 1938 Agreement to her benefit . . . . By taking advantage of this opportunity, she exhausted the single opportunity provided by statute to [John] Steinbeck's statutory heirs to revisit the terms of her late husband's original grants of licenses to his copyrights." *Id.* That unlawful usurpation of petitioners' statutory termination rights forms the basis of their state-law claims.

As a result of the Second Circuit's erroneous conclusion that the 1994 agreement "extinguished all termination rights in the works covered by the

---

[7] At the time of the first certiorari petition, this case was consolidated with Penguin's suit against petitioners seeking a declaration that the 2004 Notice was invalid and that Penguin's assignment under the 1994 agreement was valid. That suit was resolved by the district court's order on remand that, pursuant to the Second Circuit's ruling, the termination notice was unenforceable and that Penguin retained its rights to the works under the 1994 agreement. *See* App. 90a. That judgment in favor of Penguin is not a part of this case.

agreement," App. 40a, the district court dismissed all of petitioners' state-law claims, App. 61a–62a. Reversing the Second Circuit's error will revitalize petitioners' state-law claims.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

MICHAEL F. STURLEY
LYNN E. BLAIS
727 East Dean Keeton Street
Austin, Texas 78705
(512) 232-1350

J. BRETT BUSBY
BRACEWELL & GIULIANI LLP
711 Louisiana Street
Suite 2300
Houston, Texas 77002
(713) 221-1160

DAVID C. FREDERICK
Counsel of Record
KELLOGG, HUBER, HANSEN, TODD, EVANS & FIGEL, P.L.L.C.
1615 M Street, N.W.
Suite 400
Washington, D.C. 20036
(202) 326-7900
(dfrederick@khhte.com)

ERIN GLENN BUSBY
411 Highland Street
Houston, Texas 77009
(713) 868-4233

March 11, 2011

APPENDIX

TABLE OF CONTENTS

Page

Summary Order of the United States Court of Appeals for the Second Circuit, *Steinbeck, et al. v. Steinbeck Heritage Found., et al.*, No. 09-1836-cv (Oct. 13, 2010) 1a

Opinion of the United States Court of Appeals for the Second Circuit, *Penguin Group (USA) Inc., et al. v. Steinbeck, et al.*, Nos. 06-3226-cv & 06-3696-cv (Aug. 13, 2008) 15a

Memorandum Decision and Order of the United States District Court for the Southern District of New York, *Steinbeck, et al. v. McIntosh & Otis, Inc., et al.*, No. 04 CV 5497 (GBD) (Mar. 31, 2009) 35a

Memorandum Decision and Order of the United States District Court for the Southern District of New York, *Steinbeck, et al. v. McIntosh & Otis, Inc., et al.*, No. 04 CV 5497 (GBD) (Mar. 31, 2009) 63a

Opinion and Order of the United States District Court for the Southern District of New York, *Steinbeck, et al. v. McIntosh & Otis, Inc., et al.*, Nos. 04 CV 5497 (RO) & 04 CV 6795 (RO) (June 8, 2006) 71a

Order and Judgment Dismissing Intervenor Complaint of the United States District Court for the Southern District of New York, *Steinbeck, et al. v. McIntosh & Otis, Inc., et al.*, No. 04 CV 5497 (GBD) (Dec. 4, 2009) 88a

Order of the United States District Court for the Southern District of New York, *Penguin Group (USA), Inc. v. Steinbeck, et al.*, No. 04 CV 6795 (GBD) (Apr. 23, 2009) 90a

Order of the United States Court of Appeals for the Second Circuit Denying Rehearing, *Penguin Group (USA) Inc., et al. v. Steinbeck, et al.*, Nos. 06-3226-cv & 06-3696-cv (Oct. 16, 2008) 91a

Statutory Provisions Involved 93a

17 U.S.C. § 203 ..... 93a

17 U.S.C. § 302 ..... 97a

17 U.S.C. § 304 ..... 99a

Answer, Affirmative Defenses and Counterclaims of Defendant and Counterclaim Plaintiff Jean Anderson Boone, *Steinbeck, et al. v. McIntosh & Otis, Inc., et al.*, No. 04 CV 5497 (RO) (filed Sept. 30, 2004) 109a

Answer, Affirmative Defenses, and Counterclaims of Defendant and Counterclaim Plaintiff the Estate of Elaine Steinbeck, *Steinbeck, et al. v. McIntosh & Otis, Inc., et al.*, No. 04 CV 5497 (RO) (filed Sept. 30, 2004) 114a

Answer, Affirmative Defenses, and Counterclaims of Defendants and Counterclaim Plaintiffs Waverly Scott Kaffaga, David Scott Farber, Anderson Farber, Jebel Kaffaga, and Bahar Kaffaga, *Steinbeck, et al. v. McIntosh & Otis, Inc., et al.*, No. 04 CV 5497 (RO) (filed Sept. 30, 2004) 119a

Agreement between John Steinbeck and The Viking Press, Inc. (Sept. 12, 1938) 124a

Agreement between Elaine Steinbeck and Viking Penguin (Oct. 24, 1994) 130a

Notice of Termination from Thomas Steinbeck and Blake Smyle to Karen Meyer, Esq., Viking Penguin, and Estate of Elaine Steinbeck (June 13, 2004) 156a

Letter from Supreme Court Clerk regarding grant of extension of time for filing a petition for a writ of certiorari (Jan. 3, 2011) 159a

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

No. 09-1836-cv

THOMAS STEINBECK AND BLAKE SMYLE,
Plaintiffs-Counter-Defendants-Appellants,

NANCY STEINBECK,
Intervenor-Plaintiff,

v.

STEINBECK HERITAGE FOUNDATION, STEVEN FRUSHTICK, SCOTT KAFFAGA, INDIVIDUALLY AND AS EXECUTOR OF THE ESTATE OF ELAINE ANDERSON STEINBECK, THE ESTATE OF ELAINE ANDERSON STEINBECK,
Defendants-Counter-Claimants-Appellees,

DOES 1-10,
Defendants-Appellees,

DAVID SCOTT FARBER, BAHAR KAFFAGA, JEAN ANDERSON BOONE, AND JEBEL KAFFAGA,
Defendants-Counter-Claimants-Intervenors-Defendants-Appellees,

FRANCIS ANDERSON ATKINSON, SCOTT KAFFAGA, INDIVIDUALLY AND AS EXECUTOR OF THE ESTATE OF ELAINE ANDERSON STEINBECK, MCINTOSH & OTIS, INC., SAMUEL PINKUS, ANDERSON FARBER RUNKLE, AND EUGENE H. WINICK,
Defendants-Intervenors-Defendants-Appellees.

Appeal from a judgment of the United States District Court for the Southern District of New York (George B. Daniels, *Judge*).

[Oct. 13, 2010]

PRESENT: ROBERT D. SACK,
REENA RAGGI,
Circuit Judges,
JOHN G. KOELTL, *District Judge*.*

SUMMARY ORDER

UPON DUE CONSIDERATION IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the December 4, 2009 judgment of the district court is AFFIRMED.

This court is already well familiar with the longstanding dispute among the heirs of author John Steinbeck about copyright interests in his works. *See Penguin Group (USA) Inc. v. Steinbeck*, 537 F.3d 193, 204 (2d Cir. 2008). On this appeal, plaintiffs Thomas Steinbeck and Blake Smyle, the author's son and grandaughter (by Steinbeck's deceased son, John IV), challenge an award of summary judgment in favor of defendants the estate of Elaine Steinbeck, the author's third wife and widow, and McIntosh & Otis, Inc. ("M & O"), a literary agency administering the relevant Steinbeck copyrights, on claims of (1) breach

---

* District Judge John G. Koeltl of the United States District Court for the Southern District of New York, sitting by designation.

of fiduciary duty, (2) promissory estoppel, and (3) unjust enrichment (with an accompanying request for imposition of a constructive trust). *See Steinbeck v. McIntosh & Otis, Inc.*, No. 04 Civ. 5497, 2009 WL 928189 (S.D.N.Y. Mar. 31, 2009).[1] Plaintiffs further appeal a judgment on the pleadings in favor of M & O on its counter-claim challenging the validity of Thomas Steinbeck's purported termination of defendant as literary agent for the estate. *See Steinbeck v. McIntosh & Otis, Inc.*, No. 04 Civ. 5497, 2009 WL 928171 (S.D.N.Y. Mar. 31, 2009).

We review an award of summary judgment *de novo*, "resolving all ambiguities and drawing all permissible factual inferences in favor of the party against whom summary judgment is sought." *Burg v. Gosselin*, 591 F.3d 95, 97 (2d Cir. 2010) (internal quotation marks omitted). We will uphold such an award only if the record reveals no genuine issues of material fact and the moving party is entitled to judgment as a matter of law. *See* Fed. R. Civ. P. 56(c)(2). We review a judgment on the pleadings *de novo*, accepting the pleaded allegations as true and drawing all reasonable inferences in favor of the opposing party, *see, e.g.*, *LaFaro v. N.Y. Cardiotho-*

---

[1] In a footnote in their appellate brief, plaintiffs suggest that, for the same reasons the district court erred in dismissing their fiduciary duty claim, it erred in dismissing claims against M & O for fraud, negligent misrepresentation, and interference with economic advantage. Generally, we deem an argument raised only in a footnote as waived. *See Norton v. Sam's Club*, 145 F.3d 114, 117 (2d Cir. 1998). We see no reason to depart from this rule in this case. *See In re Nortel Networks Corp. Sec. Litig.*, 539 F.3d 129, 133 (2d Cir. 2008) (noting that waiver doctrine is prudential and may be disregarded in our discretion). In any event, because we identify no merit in plaintiffs' fiduciary duty challenge, *see infra* at [4a-9a], these derivative arguments also fail.

racic Grp., PLLC, 570 F.3d 471, 475-76 (2d Cir. 2009) (characterizing legal standards for review of motions to dismiss and for judgment on pleadings as "indistinguishable"), consistent with the pleading standards articulated in *Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1949 (2009), and *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007). In applying these standards here, we assume the parties' familiarity with the facts and procedural history of this case, which we reference only as necessary to explain our decision to affirm.

1. *Breach of Fiduciary Duty*

a. *Elaine Steinbeck*

Thomas Steinbeck contends that the district court erred in concluding as a matter of law that the 1983 settlement agreement among himself, his brother John IV, and Elaine Steinbeck (the "1983 Agreement"), as well as powers of attorney in favor of Elaine Steinbeck executed by the sons in connection with that agreement, did not create an agency relationship with Elaine Steinbeck assuming fiduciary obligations to the sons and their successors in interest. We disagree.

Under New York law, an agency relationship "results from a manifestation of consent by one person to another that the other shall act on his behalf and subject to his control, and the consent by the other to act." *New York Marine & Gen. Ins. Co. v. Tradeline (L.L.C.)*, 266 F.3d 112, 122 (2d Cir. 2001) (internal quotation marks omitted). A principal's ability to exercise control over its agent is an essential element of agency. *See generally* Restatement (Third) of Agency § 1.01, cmt. f; *accord Mazart v. State*, 109 Misc. 2d 1092, 1099, 441 N.Y.S.2d 600, 605 (N.Y. Ct. Cl. 1981) (noting that "there can be no agency rela-

tionship where the alleged principal has no right of control over the alleged agent"). Where, as here, parties contend that an agency relationship is established by contract, *see, e.g., Pyramid Champlain Co. v. R.P. Brosseau & Co.*, 267 A.D.2d 539, 544, 699 N.Y.S.2d 516, 522 (3d Dep't 1999), a court will look to the language of that agreement to ascertain the relationship created between the parties, *see EBC I, Inc. v. Goldman Sachs & Co.*, 5 N.Y.3d 11, 19-20, 799 N.Y.S.2d 170, 175 (2005); *Northeast Gen. Corp. v. Wellington Adver., Inc.*, 82 N.Y.2d 158, 162, 604 N.Y.S.2d 1, 3 (1993). When we do so here, we conclude that the 1983 Agreement did not create an agency relationship.

The 1983 Agreement increased the Steinbeck sons' shares in certain copyright revenue, from one-quarter to one-third each, and, in return, conferred upon Elaine Steinbeck "the complete power and authority to negotiate, authorize and take action with respect to the exploitation and/or termination of rights in the works of John Steinbeck in which [John IV] and [Thomas] have or will have renewal or termination rights." 1983 Agreement ¶ 5. This language is unambiguous and forecloses any argument that the parties intended the Steinbeck sons to retain control over Elaine Steinbeck's exercise of the authority conferred upon her, as would be necessary to create an agency relationship. *See, e.g., Meese v. Miller*, 79 A.D.2d 237, 241, 436 N.Y.S.2d 496, 499-500 (4th Dep't 1981); *Garcia v. Herald Tribune Fresh Air Fund, Inc.*, 51 A.D.2d 897, 897, 380 N.Y.S.2d 676, 678 (1st Dep't 1976); *Krom v. Sharp & Dohme, Inc.*, 7 A.D.2d 761, 761, 180 N.Y.S.2d 99, 101 (3d Dep't 1958). The conclusion is reinforced by the fact that the 1983 Agreement imposed only specific circum-

scribed reporting obligations on Elaine Steinbeck, not the full reporting obligations associated with a fiduciary appointment. *See generally* Restatement (Third) of Agency ch. 8.

The powers of attorney executed in favor of Elaine Steinbeck support no different conclusion. In urging otherwise, plaintiffs point to the words "attorney-in-fact" used in those documents, which they submit New York recognizes to create an agency relationship and attendant fiduciary obligations. *See In re Estate of Ferrara*, 7 N.Y.3d 244, 254, 819 N.Y.S.2d 215, 221 (2006). While reference to an attorney-in-fact can certainly constitute evidence of agency, we do not understand New York law to depart from the general principle that labels are not dispositive of the question. *See generally* Restatement (Third) of Agency § 1.02 ("Although agency is a consensual relationship, how the parties to any given relationship label it is not dispositive."). The 1983 Agreement makes clear that the powers of attorney were executed solely to effectuate the authority conferred upon Elaine Steinbeck under that Agreement. That authority was "complete" with no control retained by the Steinbeck sons. Thus, because the 1983 Agreement did not create an agency relationship between Elaine Steinbeck and the Steinbeck sons, or otherwise impose fiduciary obligations on her, nor did the powers of attorneys intended to effectuate it. *See Keyes v. Metro. Trust Co. of N.Y.C.*, 220 N.Y. 237, 242, 115 N.E. 455, 456 (1917) ("The purpose of a written power of attorney is not to define the authority of the agent, as between himself and his principal, but to evidence the authority of the agent to third parties with whom the agent deals."); *accord In re Anyon's Estate*, 137 Misc. 582, 585, 244 N.Y.S. 244, 248 (N.Y.

Sur. Ct. 1930); *see also Villanueva v. Brown*, 103 F.3d 1128, 1136 (3d Cir. 1997) (holding, in applying New Jersey law, that "primary purpose of a power of attorney is not to define the authority conferred on the agent by the principal, but to provide third persons with evidence of agency authority"). Rather, the powers of attorney here at issue conferred upon Elaine Steinbeck power coupled with an interest in the very copyrights that were the subject of the power conferred, an arrangement from which no fiduciary obligation arises. *See 330 Acquisition Co., LLC. v. Regency Sav. Bank, F.S.B.*, 306 A.D.2d 154, 155, 761 N.Y.S.2d 185, 186 (1st Dep't 2003); *Hotel Prince George Affiliates v. Maroulis*, 98 A.D.2d 652, 654, 469 N.Y.S.2d 718, 721 (1st Dep't 1983), *rev'd on other grounds*, 62 N.Y.2d 1005, 1008-09, 479 N.Y.S.2d 489, 490-91, 468 N.E.2d 671 (1984); *French v. Kensico Cemetery*, 264 A.D. 617, 619, 35 N.Y.S.2d 826, 828-29 (2d Dep't 1942), *aff'd*, 291 N.Y. 77, 80 (1943); *see also* Restatement (Third) of Agency § 3.12, cmt. b & illus. 5.

Accordingly, we conclude that plaintiffs fail as a matter of law to state a claim against Elaine Steinbeck for breach of fiduciary duty.

b. *M & O*

We similarly reject Thomas Steinbeck's argument that M & O owed and breached fiduciary obligations created by the 1983 Agreement and powers of attorney. To the extent M & O is charged with fiduciary duties derivatively as Elaine Steinbeck's subagent, that argument is foreclosed by our conclusion that Elaine was not an agent of the Steinbeck sons. *See generally Empire State Ins. Co. v. Am. Cent. Ins. Co.*, 138 N.Y. 446, 449, 34 N.E. 200, 201 (1893); Restatement (Third) of Agency § 3.16. Nor did the 1983

Agreement appoint M & O to act as agent for the Steinbeck heirs generally. The Steinbeck sons surrendered "complete authority" to Elaine Steinbeck to exploit John Steinbeck's copyrights and also vested her with "sole discretion" to terminate M & O's agency. Under these circumstances, the 1983 Agreement does not manifest Thomas Steinbeck's ability to control M & O as would be required to create an agency relationship giving rise to fiduciary obligations.[2]

Nor did fiduciary duties arise by virtue of an alleged attorney-client relationship between Thomas Steinbeck and certain principals at M & O. "Since an attorney-client relationship does not depend on the existence of a formal retainer agreement or upon payment of a fee, a court must look to the words and actions of the parties to ascertain the existence of such a relationship." *Moran v. Hurst*, 32 A.D.3d 909, 911, 822 N.Y.S.2d 564, 566 (2d Dep't 2006) (internal citations omitted); *see also Talansky v. Schulman*, 2 A.D.3d 355, 359, 770 N.Y.S.2d 48, 52 (1st Dep't 2003) (finding fact issue where "totality of the evidence at least suggest[ed] that defendant was acting as plaintiff's attorney"). Here, Thomas Steinbeck asserts that certain M & O principals who were licensed attorneys held themselves out as copyright experts, expressed sympathy for him, and told him they had his best interests in mind, thereby persuading him

---

[2] To the extent Thomas Steinbeck urges reversal of summary judgment to allow him to pursue discovery as to whether M & O was complying with Elaine Steinbeck's directions, we are not persuaded because such inquiry could not reasonably be expected to create a genuine issue of material fact as to the existence of an agency relationship between M & O and Thomas Steinbeck. *See Miller v. Wolpoff & Abramson, L.L.P.*, 321 F.3d 292, 303 (2d Cir. 2003).

"to have trust and confidence in their advice concerning his interests in his father's works." Plaintiffs Thomas Steinbeck's & Blake Smyle's Rule 56.1 Statement of Additional Material Facts in Opp'n to the M & O Defs.' Mot. for Summ. J. ¶ 48, *Steinbeck v. Steinbeck*, No. 04 Civ. 5497 (S.D.N.Y. Oct. 15, 2008). Even accepting these allegations as true, they are insufficient to allow a reasonable factfinder to infer an attorney-client relationship, especially in light of record evidence that Thomas Steinbeck was at the relevant times represented by other counsel. *See, e.g., Moran v. Hurst*, 32 A.D.3d at 911, 822 N.Y.S.2d at 566 ("The record is devoid of any evidence indicating that [the attorneys] either affirmatively led [the alleged client] to believe that they were acting as his attorney or knowingly allowed him to proceed under that misconception."); *cf. McLenithan v. McLenithan*, 273 A.D.2d 757, 759, 710 N.Y.S.2d 674, 675-76 (3d Dep't 2000) (finding factual issue as to attorney-client relationship where attorney advised plaintiffs to sign certain documents, previously represented plaintiffs, had familial relationship with plaintiffs, and represented them with respect to aspects of instant transaction).

Accordingly, we conclude that the district court properly granted summary judgment in favor of M & O on the breach of fiduciary duty claim.

2. *Promissory Estoppel*

Under New York law, a claim for promissory estoppel requires "a clear and unambiguous promise, reasonable and foreseeable reliance by the party to whom the promise is made, and an injury sustained in reliance on that promise." *Williams v. Eason*, 49 A.D.3d 866, 868, 854 N.Y.S.2d 477, 479 (2d Dep't 2008); *see also Braddock v. Braddock*, 60 A.D.3d 84,

95, 871 N.Y.S.2d 68, 77 (1st Dep't 2009). The district court concluded that Thomas Steinbeck failed to adduce evidence raising a triable issue of fact on the reliance element. We may "affirm the district court's judgment on any ground appearing in the record, even if the ground is different from the one relied on by the district court." *ACEquip Ltd. v. Am. Eng'g Corp.*, 315 F.3d 151, 155 (2d Cir. 2003).

The record makes clear that Thomas Steinbeck could not reasonably have relied on Elaine Steinbeck's purported oral promise that he could "market all rights in" John Steinbeck's travelogue, *Travels With Charley*, Compl. ¶ 48(c), because such a representation modifies the relationship between the parties established by the 1983 Agreement, which by its terms can only be done in writing. *See, e.g.*, *Capricorn Investors III, L.P. v. Coolbrands Int'l, Inc.*, 66 A.D.3d 409, 410, 886 N.Y.S.2d 158, 159 (1st Dep't 2009) (holding that party cannot reasonably rely on promise that conflicts with written agreement's express terms); *Ruffino v. Neiman*, 17 A.D.3d 998, 1000, 794 N.Y.S.2d 228, 229 (4th Dep't 2005) (same); *accord Rose v. Spa Realty Assocs.*, 42 N.Y.2d 338, 343, 397 N.Y.S.2d 922, 926 (1977) (noting that, generally, "if the only proof of an alleged agreement to deviate from a written contract is the oral exchanges between the parties, the writing controls").

3. *Unjust Enrichment and Constructive Trust*

Under New York law, a claim for unjust enrichment requires proof "(1) that the defendant benefitted; (2) at the plaintiff's expense; and (3) that equity and good conscience require restitution." *Beth Isr. Med. Ctr. v. Horizon Blue Cross & Blue Shield of N.J., Inc.*, 448 F.3d 573, 586 (2d Cir. 2006) (internal quotations omitted); *see also Old Republic Nat'l Title*

Ins. Co. v. Luft, 52 A.D.3d 491, 491-92, 859 N.Y.S.2d 261, 262 (2d Dep't 2008). Meanwhile, to impose a constructive trust, the law demands "(1) a confidential or fiduciary relationship; (2) a promise, express or implied; (3) a transfer made in reliance on that promise; and (4) unjust enrichment." *In re Ades & Berg Grp. Investors*, 550 F.3d 240, 245 (2d Cir. 2008); *see also Abacus Fed. Sav. Bank v. Lim*, 75 A.D.3d 472, 473, 905 N.Y.S.2d 585, 587 (1st Dep't 2010); *Rose v. Rose*, 72 A.D.3d 1060, 1060, 898 N.Y.S.2d 889, 890 (2d Dep't 2010).

To support their claim for unjust enrichment, plaintiffs appear to argue that Elaine Steinbeck benefitted at Blake Smyle's expense by withholding information from the granddaughter about her termination rights and then exercising those rights herself without seeking Blake Smyle's consent in a 1994 transaction the validity of which we upheld in *Penguin Group (USA) Inc. v. Steinbeck*, 537 F.3d at 204. This was, however, precisely what Elaine Steinbeck was empowered to do under the 1983 Agreement, which expressly bound Blake Smyle as John Steinbeck IV's successor in interest. Blake Smyle's consent was not required for the exercise of Elaine Steinbeck's authority under that Agreement, and any attempt by the granddaughter to exercise rights transferred to Elaine Steinbeck likely would have violated the 1983 Agreement. The parties do not dispute that Blake Smyle continues to receive *pro rata* royalty payments owed to her under the 1994 agreement she claims unjustly enriched Elaine Steinbeck. As a result, we identify no benefit derived by Elaine Steinbeck at Blake Smyle's expense and, consequently, conclude that plaintiffs' claims for unjust enrich-

ment and imposition of a constructive trust were properly dismissed as without merit.

4. *Termination of M & O*

Thomas Steinbeck argues that the "sole discretion" vested with Elaine Steinbeck to terminate M & O did not descend to Elaine Steinbeck's heirs because the 1983 Agreement was a personal services contract and, as a result, was not governed by New York's general rule that, "in the absence of express words, . . . the parties to a contract intend to bind not only themselves, but their personal representatives." *Gura v. Herman*, 227 A.D. 452, 454, 238 N.Y.S. 230, 233 (2d Dep't 1929), *aff'd*, 253 N.Y. 618, 171 N.E. 808 (1930); *see Warner v. Kaplan*, 71 A.D.3d 1, 4, 892 N.Y.S.2d 311, 313-14 (1st Dep't 2009); *DiScipio v. Sullivan*, 30 A.D.3d 660, 661, 816 N.Y.S.2d 576, 577 (3d Dep't 2006). That distinction does not apply here.[3]

First, the 1983 Agreement is not a services contract in the manner described in the decisions relied upon by Thomas Steinbeck. *See, e.g., Buccini v. Paterno Const. Co.*, 253 N.Y. 256, 257-58, 170 N.E. 910, 911 (1930) (Cardozo, J.). Those decisions hold that where unique and extraordinary services of a particular obligor are the subject of a contract, that obligor's death absolves the parties of any unfulfilled performance obligations. *See, e.g., id.*; *Lorillard v. Clyde*, 142 N.Y. 456, 462, 37 N.E. 489, 491 (1894) (citing *Taylor v. Caldwell*, 122 Eng. Rep. 309 (K.B.1863)). Here,

---

[3] We do not consider whether M & O should be permitted to invoke the 1983 Agreement because Thomas Steinbeck did not raise that issue before the district court. *See Singleton v. Wulff*, 428 U.S. 106, 120 (1976); *Diaz v. Paterson*, 547 F.3d 88, 94-95 (2d Cir. 2008). Under the circumstances, we perceive no unfairness in enforcing Thomas Steinbeck's waiver.

Thomas Steinbeck did not contract to obtain Elaine Steinbeck's services; rather, he and his brother contracted to obtain a greater share of royalty payments in return for yielding complete authority over the copyrights at issue to Elaine Steinbeck, including sole discretion to terminate M & O as literary agent.

Second, nothing in the record indicates that Elaine Steinbeck's exercise of "sole discretion" required unique and extraordinary skills sufficient to qualify this provision of the 1983 Agreement as a personal services contract. Thomas Steinbeck argues that Elaine Steinbeck's experience made her "uniquely well-positioned to handle the concededly difficult and complex process of effectively exploiting the copyrights." Reply Br. at 17. Even if that were true, the power at issue is the authority to terminate a literary agent, not Elaine's overall authority to manage the copyrights. We are not persuaded that the exercise of that authority required extraordinary skills possessed uniquely by Elaine Steinbeck.

Finally, Thomas Steinbeck has not identified a material factual dispute regarding whether Elaine Steinbeck, acting through M & O principals, surrendered her right to terminate M & O's agency in her sole discretion. Even assuming that Elaine Steinbeck so surrendered those powers of attorney, Thomas Steinbeck offers no reason for interpreting that authority as conditioned upon Elaine Steinbeck's holding her stepson's power of attorney. Just as that power of attorney did not create Elaine's authority, which derived from the 1983 Agreement, neither would release of the power of attorney terminate that authority. Consequently, we conclude that Elaine's contractual right to terminate the agency relation-

ship with M & O, like other contractual rights not personal in nature, was fully descendible.

We have considered plaintiffs' other arguments and find them to be without merit. Accordingly, the December 4, 2009 judgment of the district court is hereby AFFIRMED.

FOR THE COURT:
CATHERINE O'HAGAN WOLFE, Clerk of Court

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

Nos. 06-3226-cv, 06-3696-cv

PENGUIN GROUP (USA) INC.,
Plaintiff-Appellant,

WAVERLY SCOTT KAFFAGA, INDIVIDUALLY AS EXECUTOR OF THE ESTATE OF ELAINE ANDERSON STEINBECK, DAVID SCOTT FARBER, ANDERSON FARBER RUNKLE, JEBEL KAFFAGA, BAHAR KAFFAGA AND JEAN ANDERSON BOONE,
Defendants-Counterclaim-Plaintiffs-Appellants,

v.

THOMAS STEINBECK AND BLAKE SMYLE,
Plaintiffs-Counterclaim-Defendants-Appellees,

NANCY STEINBECK,
Intervenor-Plaintiff,

MCINTOSH & OTIS, INC., THE STEINBECK HERITAGE FOUNDATION, EUGENE H. WINICK, SAMUEL PINKUS AND STEVEN FRUSHTICK,
Defendants-Counterclaim-Plaintiffs,

FRANCIS ANDERSON ATKINSON AND DOES 1-10,
Defendants.

Argued: Jan. 23, 2008

Decided: Aug. 13, 2008

Before: SACK, KATZMANN, and RAGGI, Circuit Judges.

SACK, Circuit Judge:

This is an appeal from an order of the United States District Court for the Southern District of New York (Richard Owen, *Judge*) granting summary judgment to the appellees Thomas Steinbeck and Blake Smyle based on the court's conclusion that a "notice of termination" given in 2004 that purported to terminate, pursuant to the Copyright Act, 17 U.S.C. § 304(c) and (d), the 1938 grant of copyright licenses by the author John Steinbeck, was valid. We consider on appeal whether an agreement entered into in 1994 between Steinbeck's widow and the publisher terminated and superseded the 1938 agreement, and, if so, whether the termination notice is therefore ineffective. Because the termination right provided by section 304(d) pursuant to which the 2004 termination notice was issued applies only to pre-1978 grants of transfers or licenses of copyright, and because the 1994 agreement left intact no pre-1978 grant for the works in question, we conclude that the 2004 notice of termination is ineffective. The 1994 agreement remains in effect.

BACKGROUND

Grants of Licenses of Copyright

On September 12, 1938, the author John Steinbeck executed an agreement with The Viking Press (the "1938 Agreement") that established the terms for the latter's publication of some of Steinbeck's best-known works, including *The Long Valley*, *Cup of*

Gold, *The Pastures of Heaven*, *To A God Unknown*, *Tortilla Flat*, *In Dubious Battle*, and *Of Mice and Men*, in all of which Steinbeck held the copyright. In 1939, the agreement was extended to apply to four later works, including *The Grapes of Wrath*, through the operation of an option clause in the agreement. The rights granted by the 1938 Agreement were later assigned by Viking to plaintiff-appellant Penguin Group (USA) Inc. ("Penguin"), and the duties thereunder assumed by Penguin. The 1938 Agreement provided to the publisher, who agreed to take out copyrights in the covered works in Steinbeck's name, the "sole and exclusive right" to publish the works in the United States and Canada, with Steinbeck receiving royalties based on net sales. The agreement would terminate if any of the covered works were not kept in print. The agreement was "binding upon [John Steinbeck's] heirs, executors, administrators or assigns."

During his lifetime, Steinbeck renewed the copyrights in the works covered by the 1938 Agreement so that they enjoyed protection under both of the consecutive 28-year copyright terms provided for by the version of the Copyright Act in effect at the time. When Steinbeck died in 1968, he bequeathed his interest in these copyrights to his widow, Elaine Steinbeck. His sons by a previous marriage, Thomas and John IV, each received a bequest of $50,000 in a trust arrangement.

On October 24, 1994, Elaine Steinbeck and Penguin entered into a "new agreement for continued publication" (the "1994 Agreement"). It addressed the publication by Penguin of all works that were covered by the 1938 Agreement. It added several other early Steinbeck works, some of his posthumous

works, and some of Elaine Steinbeck's own works. It also changed the economic terms of the 1938 Agreement, mostly to Elaine Steinbeck's benefit, by requiring Penguin to provide a far larger annual guaranteed advance, and royalties of between ten and fifteen percent of retail (rather than wholesale) sales. The 1994 Agreement further stated that "when signed by Author and Publisher, [it] will cancel and supersede the previous agreements, as amended, for the [works] covered hereunder."[1]

Elaine Steinbeck died in April 2003, bequeathing her copyright interests in the Steinbeck works at issue, as well as proceeds from the 1994 Agreement, to various testamentary heirs including her children and grandchildren from a previous marriage, but she specifically excluded Thomas Steinbeck, John Steinbeck IV, and their heirs. Her statutory termination rights expired upon her death.

On June 13, 2004, John Steinbeck's surviving son Thomas, and Blake Smyle, the sole surviving child of Steinbeck's other son, the deceased John IV, (collectively the "Steinbeck Descendants") served what purported to be a notice of termination (the "Notice of Termination") on Penguin terminating the "grants" made by the 1938 Agreement to Penguin's predecessor-in-interest (Viking).

---

[1] A separate agreement was executed on the same day by Penguin and by Elaine Steinbeck, acting on her own behalf and on behalf of Thomas Steinbeck. Thomas Steinbeck ratified this agreement on December 22, 1994, on behalf of the other Steinbeck Descendants. This agreement, which itself is not at issue on this appeal and which governed works of John Steinbeck that are not at issue on this appeal, obligated Penguin to pay higher royalties for these works to Elaine Steinbeck and the Steinbeck Descendants.

Statutory Background

The Copyright Act gives to authors and certain enumerated family members the power to terminate prior grants of transfers or licenses of copyright. This power is based on Congressional recognition that young authors frequently enter into long-term contracts with publishers when their bargaining power is weak and their prospects for success uncertain, and discover increased leverage only when they later achieve commercial success. Indeed, in an effort to balance the interests of publishers and authors, Congress enacted provisions in the Copyright Act that "attempted to give the author a second chance to control and benefit from his work" and to "secure to the author's family the opportunity to exploit the work if the author died." *Stewart v. Abend*, 495 U.S. 207, 218, 110 S.Ct. 1750, 109 L.Ed.2d 184 (1990). Congress permitted a publisher the opportunity to reap the initial rewards of an early investment in young talent, but it allowed authors to revisit the terms of earlier grants of rights once the long-term success of their works became apparent. *See id.*

When John Steinbeck entered into the 1938 Agreement with Viking Press, the Copyright Act of 1909 was in effect. Under that version of the Act, authors were entitled to a copyright in their works for an initial twenty-eight year period beginning on the date of a work's publication. After this period expired, the author had the right to renew the copyright for a second twenty-eight year term. The purpose of providing this renewal term was to permit "the author, originally in a poor bargaining position, to renegotiate the terms of the grant once the value of the work ha[d] been tested." *Stewart*, 495 U.S. at

218-19, 110 S.Ct. 1750; *accord Marvel Characters, Inc. v. Simon*, 310 F.3d 280, 283 (2d Cir. 2002) (quoting *Stewart*). Publishers could, and often did, thwart the purpose of this statutory scheme, however, by requiring authors to assign both their initial and renewal rights to the publisher at the same time and before the long-term value of an author's work could be ascertained. This practice received the legal imprimatur of the Supreme Court in *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 63 S.Ct. 773, 87 L.Ed. 1055 (1943), which held that renewal rights could be assigned by an author during a work's initial copyright term and before the vesting of the renewal right. *Id.* at 656-59, 63 S.Ct. 773; *see also Marvel*, 310 F.3d at 284.

The 1976 amendments to the Copyright Act, which took effect in 1978, abandoned this framework. In order to revitalize the ability of authors to revisit the terms of earlier grants of rights, the amended Act replaced the two consecutive twenty-eight year terms with a single copyright term of increased duration,[2]

---

[2] The consecutive-term renewal structure was retained for pre-1978 works, however, because a "great many of the present expectancies in these cases are the subject of existing contracts, and it would [have been] unfair and immensely confusing to cut off or alter these interests." H.R.Rep. No. 94-1476, at 139 (1976), *reprinted in* 1976 U.S.C.A.N. 5659, 5755. For works still in their renewal term on January 1, 1978, which include the Steinbeck works governed by the 1938 Agreement, the amendments extended the expiration date of the then-governing renewal term until "seventy-five years from the date the copyright was originally secured." 17 U.S.C. § 304(b) (1997). When the Copyright Act was amended in 1998, for works still within this seventy-five year term, the length of the term was extended again to provide those works with a total of ninety-five years of copyright protection. Pub.L. No. 105-298, 112 Stat. 2827, 2828-29 (1998).

and it created for authors or their statutory heirs, with respect to transfers or licenses of copyright effected prior to 1978, an inalienable right to terminate the grant of a transfer or license. 17 U.S.C. § 304(c). The section provides, in pertinent part:

> In the case of any copyright subsisting in either its first or renewal term on January 1, 1978, . . . the exclusive or nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978, by [the author or the author's heirs as specified at section 304(a)(1)(C)], otherwise than by will, is subject to termination under the following conditions:
>
> (1) . . . In the case of a grant executed by one or more of the authors of the work, termination of the grant may be effected . . . by the author who executed it or, if such author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest. (2) Where an author is dead, his or her termination interest is owned, and may be exercised, as follows:
>
> . . .
>
> (B) The author's surviving children, and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case the ownership of one-half of the author's interest is divided among them.[3]
>
> (3) Termination of the grant may be effected at any time during a period of five years beginning at the end of fifty-six years from the date copyright was

---

[3] Prior to her death, Elaine Steinbeck held a one-half interest in the statutory termination rights under 17 U.S.C. § 304(c)(2)(A).

originally secured, or beginning on January 1, 1978, whichever is later.

. . .

(5) Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

17 U.S.C. § 304(c).

This termination right provides authors or their statutory heirs with an opportunity to recapture some of the additional value produced by the lengthened copyright term. *See* H.R.Rep. No. 94-1476, at 140 (1976), U.S.Cong. Code & Admin.News 1976, pp. 5659, 5756. It is worth noting that section 304(c), by its terms, does not apply to grants of a transfer or license of the renewal copyright made on or after January 1, 1978. Such grants are subject to the slightly different termination right provided at 17 U.S.C. § 203, which, among other distinctions, applies only to grants made by the author rather than to grants made by either the author or other parties.

Section 304(c) also provides only a limited five-year window of time "beginning at the end of fifty-six years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later," 17 U.S.C. § 304(c)(3), during which termination rights may be exercised. If the termination right is not exercised during this window, the original grant remains in effect. So, for *Cup of Gold*, the earliest work included in the 1938 Agreement, the termination right under section 304(c) expired on August 2, 1990, and for *The Grapes of Wrath*, the latest work, the right expired on April 14, 2000. It is undisputed, however, that no termination right under section

304(c) was ever exercised with respect to the copyrights covered by the 1938 Agreement.

When the length of the copyright term was extended in 1998, Congress provided an additional window of time corresponding to this extension, during which the same termination right could be, had it not already been, exercised. *See* 17 U.S.C. § 304(d). For pre-1978 grants whose section 304(c) termination right, as of October 26, 1998, had expired without being exercised, termination could "be effected at any time during a period of 5 years beginning at the end of 75 years from the date copyright was originally secured." *Id.* Section 304(d) otherwise incorporated the conditions specified in section 304(c) including the statutory heirs of an author's termination right. *See* 17 U.S.C. § 304(d)(1). The Notice of Termination issued in 2004 by the Steinbeck Descendants purported to terminate the 1938 grants of copyright licenses within each work's section 304(d) termination period.

District Court Proceedings

Upon receiving the Termination Notice, Penguin filed a complaint in the United States District Court for the Southern District of New York seeking a declaratory judgment against Thomas Steinbeck and Blake Smyle that the notice is invalid. Penguin argued that the 1994 Agreement, to which Elaine Steinbeck was a party, superseded and itself terminated the 1938 Agreement, and that there was therefore no pre-1978 grant of a transfer or license of the renewal copyright to which section 304(d) could be applied.

In a related action, initiated by the Steinbeck Descendants, the estate and heirs of Elaine Steinbeck filed counterclaims seeking an equivalent decla-

ration. The district court consolidated the two actions for the purposes of the summary judgment motions.

In an order issued June 8, 2006 and amended July 18, 2006, the district court disagreed, granting summary judgment against Penguin and Elaine Steinbeck's heirs and, among other things, upholding the validity of the Termination Notice served by the Steinbeck Descendants in 2004. *Steinbeck v. McIntosh & Otis, Inc.*, 433 F.Supp.2d 395, 401 (S.D.N.Y. 2006). The court rejected Penguin's argument that the 1994 Agreement extinguished the section 304(d) termination right, observing that the agreement explicitly contemplated the future exercise of termination rights and that it did not grant Penguin rights that were any greater or lesser than those granted by the 1938 Agreement. *Id.* The court also concluded that "to the extent that the 1994 Agreement would strip [the Steinbeck Descendants] . . . of their inalienable termination rights in the pre-1978 grants, it is void as an 'agreement to the contrary' pursuant to 17 U.S.C. § 304(c)(5)." *Id.* at 402 (footnote omitted). In the district court's view, "[a]ny interpretation of the 1994 Agreement having the effect of disinheriting the statutory heirs to the termination interest – [the Steinbeck Descendants] – in favor of Elaine's heirs must be set aside as contrary to the very purpose of the termination statute . . . ." *Id.* at 402 n. 23.

Penguin, and the estate and heirs of Elaine Steinbeck, appeal from the portion of the district court's judgment addressing the validity of the 2004 Termination Notice as to those works covered by the 1938 Agreement.

DISCUSSION

I. Standard of Review

"We review *de novo* a district court's ruling on cross-motions for summary judgment, in each case construing the evidence in the light most favorable to the non-moving party." *White River Amusement Pub, Inc. v. Town of Hartford*, 481 F.3d 163, 167 (2d Cir. 2007).

II. Whether the 1994 Agreement Terminated and Superseded the 1938 Agreement

The Copyright Act provides a termination right for the grant of a transfer or license of copyright made by parties other than the author only if the grant was made prior to January 1, 1978. 17 U.S.C. § 304(d). Our first inquiry, then, is whether the 1994 Agreement terminated and superseded the 1938 Agreement. We conclude that it did, leaving in effect no pre-1978 grants to which the termination rights provided by section 304(d) could be applied.

The language of the 1994 Agreement makes clear that the parties intended that the 1938 Agreement be terminated. Under New York law,[4] "parties to an agreement can mutually agree to terminate it by expressly assenting to its rescission while simultaneously entering into a new agreement dealing with the same subject matter." *Jones v. Trice*, 202 A.D.2d 394, 395, 608 N.Y.S.2d 688, 688 (2d Dep't 1994). Once terminated and superseded, the new contract provides all of the parties' obligations and remedies for breach. *See Northville Indus. Corp. v. Fort Neck Oil Terminals Corp.*, 100 A.D.2d 865, 867, 474 N.Y.S.2d 122, 125 (2d Dep't 1984) ("[W]here the par-

[4] The parties do not dispute that New York state law governs both the 1938 and 1994 Agreements.

ties have clearly expressed or manifested their intention that a subsequent agreement supersede or substitute for an old agreement, the subsequent agreement extinguishes the old one and the remedy for any breach thereof is to sue on the superseding agreement." (internal quotation marks omitted)). The 1994 Agreement states that "[t]his agreement, when signed by Author and Publisher, will cancel and supercede the previous agreements, as amended, for the Works # 1 – # 19 [including those works governed by the 1938 Agreement] covered hereunder." We see no valid reason to disregard this language and to regard the 1938 Agreement as surviving the 1994 Agreement.

Contrary to the district court's observation that "[a]t no point did Penguin lose or gain any rights other than those originally granted to it under the 1938 Agreement," *Steinbeck*, 433 F.Supp.2d at 401-02, the 1994 Agreement obligated Penguin to pay larger guaranteed advance payments and royalties calculated from the "invoiced retail price of every copy sold by the Publisher," rather than "the amount which the Publishers charge for all copies sold." The 1994 Agreement also modifies the geographic limits of the publication rights as to the covered works and imposes a requirement on Penguin to keep a greater number of Steinbeck works in print.

The district court correctly observed that the 1938 Agreement, by its terms, "was to continue for as long as the publishers keep the works 'in print and for sale,'" *Steinbeck*, 433 F.Supp.2d at 402 n. 22, but this has little relevance to our analysis. A contract that remains in force may still be terminated and renegotiated in exchange for, among other things, one party's forbearance of her legal right, such as a statutory

right to terminate a previous grant of a copyright transfer or license. *See, e.g., Trans-Orient Marine Corp. v. Star Trading & Marine, Inc.*, 925 F.2d 566, 573 (2d Cir. 1991) ("[F]orbearance to assert a valid claim, if bargained for, is sufficient consideration to support a contract.").

It is of similarly little relevance that the 1994 Agreement might have intended that earlier created termination rights survive it, for our central inquiry is not the parties' intent to preserve these rights – which are granted by statute, not contract – but rather their intent to terminate the 1938 Agreement. The availability of termination rights under the Copyright Act is not dependent on the intent of the parties but on, among other things, the date that a grant of rights was executed and the relationship to the author of those seeking to exercise the termination right. So, even if we accept that the 1994 Agreement "explicitly carries forward possible future termination," *Steinbeck*, 433 F.Supp.2d at 401, it does not matter inasmuch as the pre-1978 grant of rights no longer existed. To the extent that the 1994 Agreement might also have contemplated the potential preservation of termination rights, it does not abrogate the 1994 Agreement's clear expression of intent to terminate all prior grants of a transfer or license in the subject copyrights.

We also reject the suggestion that, notwithstanding the plain language of the 1994 Agreement, there was no effective termination of the 1938 Agreement because the 1994 Agreement provided no opportunity – no "moment of freedom" – for those holding the termination right to renegotiate the terms of the grant. Appellees draw support for this theory primarily from *Nimmer on Copyright* § 11.07 (6th ed.1978),

referring to 17 U.S.C. § 304(c)(6)(D). That statutory provision reads:

> A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid *only if it is made after the effective date of the termination.* As an exception, however, an agreement for such a further grant may be made between the author or any of the persons provided by the first sentence of clause (6) of this subsection, or between the persons provided by subclause (C) of this clause, and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of this subsection.

Id. (emphasis added). The appellees read the phrase "only if it is made after the effective date of the termination" to require a period of time during which holders of a termination right "know they will be free of extant agreements and can negotiate for the terminated rights." Appellees' Br. at 80; *see also Nimmer on Copyright* § 11.07. But the next sentence in the statute provides an exception for the original grantee, who may execute a new grant any time after the notice of termination has been served – no "moment of freedom" is required.

In any event, nothing in section 304(c)(6)(D) prevents renegotiation of a prior grant where a notice of termination has not been served. Such a succeeding grant of rights would presumably take place with the parties' knowledge that the holder of a termination right *could* exercise that right if they failed to reach a new agreement. It is undisputed that no termination right was exercised prior to the 1994 Agreement, but Elaine Steinbeck did renegotiate and cancel the 1938 Agreement while wielding the threat of termi-

nation. Indeed, this kind of renegotiation appears to be exactly what was intended by Congress. *See* Section III, *supra*.

Because we conclude that the 1994 Agreement terminated and superseded the 1938 Agreement, it also eliminated the right to terminate the grants contained in the 1938 Agreement under sections 304(c) and (d).

III. Whether the 1994 Agreement is an "Agreement to the Contrary" under 17 U.S.C. § 304(c)(5)

The Copyright Act provides that "[t]ermination of the grant [of transfer or license rights] may be effected notwithstanding any agreement to the contrary." 17 U.S.C. § 304(c)(5). The 1994 Agreement is not invalid as an "agreement to the contrary" – and the Steinbeck Descendants' termination right under section 304(d) is therefore no longer effective – even if the agreement had the effect of eliminating a termination right that Congress did not provide until 1998.

We do not read the phrase "agreement to the contrary" so broadly that it would include any agreement that has the effect of eliminating a termination right. To do so would negate the effect of other provisions of the Copyright Act that explicitly contemplate the loss of termination rights. For example, sections 304(c) and (d) require only the consent of a simple majority in interest for the exercise of a termination right. Once the termination right is extinguished, it is extinguished with respect to all parties holding a termination interest, whether or not they agreed to its exercise. *See* 17 U.S.C. § 304(d) (providing a new termination right but only "where the author or owner of the termination right has not pre-

viously exercised such termination right"). Similarly, if a termination right expires without being exercised, the original grant is no longer subject to termination, and the Copyright Act specifically provides that in such a case a grant would "continue[] in effect for the remainder of the extended renewal term." 17 U.S.C. § 304(c)(6)(F). If the holders of a majority of an author's termination interest were to agree that they would not exercise their termination rights, this would have the effect of eliminating a termination right as to the minority termination interests. Yet such an agreement could not be held ineffective as an "agreement to the contrary" inasmuch as section 304 itself contemplates elimination of termination rights in that manner.

Moreover, the 1994 Agreement did not divest the Steinbeck Descendants of any termination right under section 304(d) when the parties entered into that agreement. In 1994, only 17 U.S.C. § 304(c) provided a termination right – section 304(d) would not become effective for another four years. It is undisputed that the Steinbeck Descendants could not have exercised their termination rights in 1994 because they lacked more than one-half of the author's termination interest. As of 1994, then, the agreement entered into by Elaine Steinbeck did not deprive the Steinbeck Descendants of any rights they could have realized at that time. None of the parties could have contemplated that Congress would create a second termination right four years later. Had Elaine Steinbeck not entered into the 1994 Agreement, the section 304(c) termination right would have expired,[5]

---

[5] There is some question as to why Penguin agreed to terminate and renegotiate the 1938 Agreement, for without a majority termination interest, it appears that Elaine Steinbeck would

and Penguin would have been bound only by the 1938 Agreement for the duration of the copyright terms absent (as ultimately happened) Congressional action. We cannot see how the 1994 Agreement could be an "agreement to the contrary" solely because it had the effect of eliminating termination rights that did not yet exist.

Appellees' reliance on *Marvel Characters, Inc. v. Simon*, 310 F.3d 280 (2d Cir. 2002), is misplaced. There, the parties entered into a settlement agreement that contractually recharacterized an already created work as a "work made for hire." Works for hire are exempt from section 304(c) and (d). We agreed with the author that the grantee could not use such after-the-fact relabeling of the nature of the work to eliminate a future exercise of the author's termination right under section 304(c), because the contract constituted an "agreement to the contrary" that left termination rights unaffected under section 304(c)(5). *Id.* at 290. We were concerned that if such an agreement was not held to be an ineffective "agreement to the contrary," authors could be coerced into recharacterizing works already created as works for hire so as to avoid subsequent application of a section 304 termination right. *Marvel* concludes only that backward-looking attempts to recharacterize existing grants of copyright so as to eliminate the right to terminate under section 304(c) are forbidden by section 304(c)(5). There was no such attempt at recharacterization here.

---

have been unable to terminate the 1938 Agreement on her own. Although she possessed a power of attorney to exercise the Steinbeck Descendants' termination rights as a result of a 1983 settlement, it is unclear that her exercise of those rights would have been valid. But the resolution of these speculations is immaterial to the resolution of this appeal.

There is also no indication in the statutory text or the legislative history of the Copyright Act that elimination of a termination right through termination of a pre-1978 contractual grant was precluded or undesirable. The House Report for the 1976 amendments noted, for example, that "nothing in [the Copyright Act] is intended to change the existing state of the law of contracts concerning the circumstances in which an author may cancel or terminate a license, transfer, or assignment." H.R.Rep. No. 94-1476, at 128 (1976), U.S. Cong.Code & Admin.News at 5742-43. The report also noted more specifically that "parties to a transfer or license" would retain under the amendments the continued right to "voluntarily agree[] at any time to terminate an existing grant and negotiat[e] a new one." *Id.* at 127, U.S. Cong.Code & Admin.News at 57432-44. So, provided that a post-1978 agreement effectively terminates a pre-1978 grant, Congress did not manifest any intent for the earlier agreement to survive simply for purposes of exercising a termination right in the future. *See Milne v. Stephen Slesinger, Inc.*, 430 F.3d 1036, 1046 (9th Cir. 2005) (post-1978 agreement superseding pre-1978 agreement was of "the type expressly contemplated and endorsed by Congress" because it enabled an author's statutory heirs to renegotiate the terms of an original grant with full knowledge of the market value of the works at issue), *cert. denied*, 548 U.S. 904, 126 S.Ct. 2969, 165 L.Ed.2d 952 (2006).[6]

---

[6] We note that the passages quoted above concern the termination provision that applies to post-1978 grants, rather than the termination provisions here at issue. The Supreme Court has described the two provisions, however, as "comparable," *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 173 n. 39, 105 S.Ct. 638, 83 L.Ed.2d 556 (1985), and indeed they both contain the "agreement to the contrary" clause. "The normal rule of statu-

It should be noted that under our view, authors or their statutory heirs holding termination rights are still left with an opportunity to threaten (or to make good on a threat) to exercise termination rights and extract more favorable terms from early grants of an author's copyright. But nothing in the statute suggests that an author or an author's statutory heirs are entitled to more than one opportunity, between them, to use termination rights to enhance their bargaining power or to exercise them. *See* 17 U.S.C. § 304(d) (permitting exercise of termination right only "where the author or owner of the termination right has not previously exercised such termination right"). In this case, Elaine Steinbeck had the opportunity in 1994 to renegotiate the terms of the 1938 Agreement to her benefit, for at least some of the works covered by the agreement were eligible, or about to be eligible, for termination. By taking advantage of this opportunity, she exhausted the single opportunity provided by statute to Steinbeck's statutory heirs to revisit the terms of her late husband's original grants of licenses to his copyrights. It is no violation of the Copyright Act to execute a renegotiated contract where the Act gives the original copyright owner's statutory heirs the opportunity and incentive to do so. *See Milne*, 430 F.3d at 1046; *cf. Classic Media, Inc. v. Mewborn*, 532 F.3d 978, 989 (9th Cir. 2008) (termination right preserved, not-

---

tory construction [is] that identical words used in different parts of the same Act are intended to have the same meaning." *Gustafson v. Alloyd Co., Inc.*, 513 U.S. 561, 562, 115 S.Ct. 1061, 131 L.Ed.2d 1 (1995); *see also Milne v. Stephen Slesinger, Inc.*, 430 F.3d 1036, 1046 n.9 (9th Cir. 2005) ("To the extent that the legislative record references section 304(c)(5)'s counterpart provision under section 203(a)(5), we find that history instructive given Congress's use of identical language in both provisions.").

withstanding a March 1978 – i.e. post-1978 – grant of rights, where termination right could not have been exercised until 1984 at the earliest, and where "[n]either party intended to revoke and replace (or even modify)" a 1976 grant of rights).

The 1994 Agreement was not an "agreement to the contrary" rendered ineffective by section 304(c)(5).

CONCLUSION

For the foregoing reasons, the judgment of the district court is reversed and the case remanded for entry of judgment in favor of Penguin.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

---

04 CV 5497 (GBD)

THOMAS STEINBECK, AN INDIVIDUAL; AND
BLAKE SMYLE, AN INDIVIDUAL,
Plaintiffs and Counterclaim Defendants,

NANCY STEINBECK, AN INDIVIDUAL,
Intervenor-Plaintiff,

v.

MCINTOSH & OTIS, INC., A NEW YORK CORPORATION; THE STEINBECK HERITAGE FOUNDATION, A NON-PROFIT NEW YORK CORPORATION; EUGENE WINICK, AN INDIVIDUAL; SAMUEL PINKUS, AN INDIVIDUAL; JEAN ANDERSON BOONE, AN INDIVIDUAL; FRANCIS ANDERSON ATKINSON, AN INDIVIDUAL; WAVERLY SCOTT KAFFAGA, AN INDIVIDUAL AND EXECUTOR OF THE ESTATE OF ELAINE ANDERSON STEINBECK; DAVID SCOTT FARBER, AN INDIVIDUAL; ANDERSON FARBER RUNKLE, AN INDIVIDUAL; JEBEL KAFFAGA, AN INDIVIDUAL; BAHAR KAFFAGA, AN INDIVIDUAL; AND STEVEN FRUSHTICK, AN INDIVIDUAL; AND DOES 1-10,
Defendants and Counterclaim Plaintiffs.

[Mar. 31, 2009]

MEMORANDUM DECISION AND ORDER

GEORGE B. DANIELS, District Judge:

Plaintiffs Thomas Steinbeck and Blake Smyle, filed this action, alleging that Defendants, the Steinbeck

Heritage Foundation, the executor of the Estate of widow Elaine Anderson Steinbeck, and several other named individuals (collectively "the Estate defendants") have breached fiduciary duties purportedly owed to plaintiffs, and engaged in other tortious conduct which impeded plaintiffs' efforts to exploit their interests as blood heirs of John Steinbeck. Plaintiff Thomas Steinbeck also brings suit against the Estate, the Foundation, and other named individuals for trademark infringement and unfair competition under section 43(a) of the Lanham Act, 15 USC § 1125(a). In addition, he asserts claims against the literary agency for John Steinbeck's works, Defendant McIntosh & Otis ("M & O"), as well as, two principals of the agency, Eugene Winick and Samuel Pinkus (collectively "the M & O defendants") for their alleged role in a scheme with Elaine Steinbeck to defraud plaintiffs.

The Estate defendants and the M & O defendants separately moved, pursuant to Federal Rules of Civil Procedure 56(b), for summary judgment dismissing ten of the thirteen claims asserted against them in the complaint.[1] The Estate defendants' motion for summary judgment on plaintiffs' claims for trademark infringement and unfair competition and related state law claims is granted.[2] The M & O defen-

---

[1] The M & O defendants' request that their motion be consolidated with the Estate defendants' summary judgment motion is granted. It should be noted that Plaintiff Blake Smyle has not asserted any claims against the M & O defendants in this action.

[2] The Estate defendants' moved for summary judgment on the following state law claims: fraud (second claim), breach of fiduciary duty (fourth claim), promissory estoppel (fifth claim), unjust enrichment (seventh claim), and imposition of a constructive trust (eighth and ninth claims).

dants' motion for summary judgment dismissing claims against M & O for fraud (second claim), negligent misrepresentation (third claim), breach of fiduciary duty (fourth claim), and interference with economic advantage (sixth claim) is granted.[3]

BACKGROUND

Plaintiff Thomas Steinbeck is the only living son of the late author John Steinbeck. Blake Smyle is the only known daughter of John Steinbeck's now deceased son, John Steinbeck IV. The author died testate in 1968, survived by three statutory heirs, his two sons from an earlier marriage, as well as his second wife, Elaine Steinbeck. John Steinbeck bequeathed $50,000 in a trust arrangement to each of his sons, named Elaine Steinbeck as co-executor of his estate, and granted her the remainder of the estate. *Penguin Group (USA) Inc. v. Steinbeck*, 537 F.3d 193, 196 (2d Cir. 2008). Elaine devised her copyright interests to several beneficiaries, including her daughter, sisters, and grandchildren; and excluded the sons and their successors specifically by name in her will. *Id.* at 196. When John Steinbeck IV died in 1991, any interest retained at his death

---

[3] Plaintiffs argue that summary judgment is premature because additional facts must be uncovered. Plaintiffs filed their oppositions to both of defendants' summary judgment motions on October 15, 2008. Following submission of its oppositions to the summary judgment motions, plaintiffs retained new counsel. Plaintiffs' recently retained counsel submitted Plaintiffs' Rule 56(f) Motion to Stay Defendants' Motions For Summary Judgment, dated November 18, 2008, requesting the Court stay decision on the summary judgment motions, or alternatively, "grant Plaintiffs an extension of time to substantively respond to Defendants' summary judgment motion." Plaintiff's Summary Judgment Memorandum to Stay at 11. Plaintiffs' belated 56(f) motion was denied by this Court.

was transferred to his daughter, and only known child, Blake Smyle.

M & O served as the literary agent for Steinbeck's works during his lifetime, and continues to serve as agent for his works.

In a related action, *Steinbeck v. McIntosh & Otis et al.*, 433 F. Supp. 2d 395 (S.D.N.Y. 2006), Judge Richard Owen rendered a decision granting publication rights to plaintiffs here. For the purposes of the decision, Judge Owen consolidated civil action No. 04 Civ. 6795(RO), with the instant case, civil action No. 04 Civ. 5497(RO), *id.* at 199 (District Court Proceedings), to resolve all of plaintiffs' declaratory judgment claims regarding termination notices. Penguin (USA) Inc., and the Estate defendants appealed Judge Owen's decision that the termination notice was valid. The Second Circuit of the Court of Appeals reversed the book publishing rights ruling, holding that the termination notices served on Penguin (USA) Inc., pursuant to 17 U.S.C. 304(c), and (d), for ten of Steinbeck's early works were invalid. The Second Circuit concluded that an agreement Elaine Steinbeck entered into in 1994 superseded the agreement her husband entered into with Penguin in 1938, and extinguished all termination rights in these works. *Id.* at 202.

Trademarks in Steinbeck's name and likeness

Thomas Steinbeck utilized John Steinbeck's name and likeness for numerous business activities "[b]eginning in the early 1980s." Declaration of Thomas Steinbeck ("Thom. Dec.") at ¶ 29. He granted approval for the use of the Steinbeck surname for a treatment center (1982-1998); use of the Steinbeck surname for a credit union in California (1984-present); use of Steinbeck's image at a restaurant where Steinbeck

memorabilia and correspondence were on display (1990); the display of the name "John Steinbeck" and one of his sayings on t-shirts (1998-present); use of Steinbeck's name and likeness in the movie: The Banger Sisters; use of Steinbeck's image, by the National Endowment of the Arts, for "The Big Read" project (2006); and, use of two different images of the author on postcards (2006). *Id.* at ¶¶ 29-35.

Between 1987 and 1998, the Steinbeck surname was used in connection with a company called Steinbeck Films Inc., created by the two sons, to produce film projects based on Steinbeck's work and the works of other authors. Additionally, as part of their promotion strategy for the company, the two sons distributed cards with a printed image of John Steinbeck drawn by artist Gene Gagan. *Id.* at ¶¶ 15-17.

Thomas Steinbeck maintains that "Steinbeck did not associate his name or likeness with articles of merchandise or commercial services." *Id.* at ¶ 4. In 1998, Elaine Steinbeck "assigned trademark rights in the name and likeness of John Steinbeck to the Steinbeck Heritage Foundation, which licensed limited rights to the National Steinbeck Center." *Id.* at ¶ 36; *see also* Plaintiffs Rule 56.1 Statement of Additional Material Facts, October 15, 2008 ("Plaintiffs 56.1 Stmt.") ¶ 84. She created the Foundation in 1998, and assigned the Foundation trademark rights. Since the year 1999, the Foundation has filed five registration applications with the United States Patent and Trademark Office. The Foundation has indicated the year it first utilized the marks ("first use") dates as the following: 1998 (a stylized signature for "John Steinbeck"), 2002 (a stylized signature for "John Steinbeck"), 2002 (the word mark "John Steinbeck"), and 1986 ("Steinbeck Studies"). Compl.

¶ 54; Declaration of Mark S. Lee, October 15, 2008 ("Lee Decl."), Ex. 27 (The Foundation also filed an intent to use (or ITU) application for the word mark "Steinbeck"). The Foundation authorizes the use of "Steinbeck" marks on "pens, handkerchiefs, clothing, lapel pins, [and] shopping bags." Estate defendants' Memorandum of Law in Support of Defendants' Motion for Summary Judgment ("Estate Defs.' Summary Judgment Memorandum") 10.

Statutory Rights under the Copyright Act

Section 304(d) of "[t]he Copyright Act gives authors and certain enumerated family members the power to terminate prior grants of transfers or licenses of copyright." *Id.* at 197. Because the wife and the two sons are Steinbeck's statutory heirs, they each received the "inalienable," *see id.* at 198, right to terminate grants Steinbeck previously gave to third parties for several of his works. *See* 17 U.S.C. 304(a)(1)(C)(ii). "Prior to her death [in April 2003], Elaine held a one-half interest in the statutory termination rights under 17 U.S.C. § 304(c)(2)(A)." *Penguin Group (USA) Inc.*, 537 F.3d at 198. Thomas Steinbeck admits that neither he nor his brother (and later, Blake Smyle), could terminate any grants without Elaine Steinbeck, and vice versa, because only a majority, meaning a greater than fifty percent share, could effectuate a termination notice. *Id.* Accordingly, prior to Elaine Steinbeck's death, the other heirs could not exercise their termination rights without her consent. *Id.*

In 1994, Elaine Steinbeck renegotiated an agreement with Penguin, which the Second Circuit found extinguished all termination rights in the works covered by the agreement. *Id.* at. 204. "By taking advantage of this opportunity, [Elaine Steinbeck]

exhausted the single opportunity provided by statute to Steinbeck's statutory heirs to revisit the terms of her late husband's original grants of licenses to his copyrights." *Id.*

At the time of his death, Steinbeck had not renewed his copyright interest, pursuant to Section 304(a)(1)(C), in several of the works he created later in life ("the later works"). Although his wife inherited the entire copyright interest in the earlier works, the Copyright Act provides all three statutorily designated heirs, or renewal claimants with copyright interests in the later works. *See* 17 U.S.C. § 304(a)(1)(C)(ii) (stating that the widow and children of the author "shall be entitled to a renewal and extension of the copyright in such work for a further term of 67 years.").

1983 Agreement

The sons brought suit against Elaine Steinbeck in 1981 to "clarify [their] respective ownership interests" in the later works and to contest the validity of the contract's division of royalties. They sought one-third interests in royalties based on the fact that there were three renewal claimants. Thomas Steinbeck Decl. at ¶ 9; Declaration of Susan J. Kohlmann, August 18, 2008, Ex. A (*Steinbeck v. Steinbeck*, No. 81 Civ. 6105 (S.D.N.Y. Dec. 8, 1982)). Although M & O was not a party to the action, the sons also argued that the contract was void because "at no time [were they] informed by [Elaine Steinbeck] or McIntosh & Otis that there was any question as to the legalty [sic] of that split of royalties." *Id.* In 1983, following a decision by Judge Richard Owen, upholding the apportionment in the contract and granting summary judgment in favor of Elaine Steinbeck, and the filing of an appeal by the sons, the

suit was resolved by a settlement agreement (the "1983 Settlement Agreement"). In satisfaction of the terms in the 1983 Settlement Agreement, the sons executed powers of attorney, ceding control over their copyright interests to Elaine Steinbeck. Under the 1983 Settlement Agreement, Elaine Steinbeck relinquished her contract right to a one-half share by agreeing to an equal one-third split. The son [sic] then withdrew their notice of appeal. The 1983 Settlement Agreement further provided that the sons would refrain from bringing an action to challenge John Steinbeck's will, or pursuing other unasserted claims against Elaine Steinbeck for copyright infringement based on exploitation of John Steinbeck's work overseas, and against M & O for breach of fiduciary duty.

Misrepresentations

Thomas Steinbeck brings fraud claims against the Estate, M & O, and M & O employees, Winick and Pinkus, alleging that the defendants made false representations, repeatedly over the years, in an effort to deprive him of intellectual property rights. Plaintiff's Memorandum of Law in Opposition to the Estate defendants' Motion for Summary Judgment ("Plaintiff's Memorandum of Law") 24. He also brings a claim for negligent misrepresentation against Defendants Winick and Pinkus based on these statements.[4]

---

[4] Thomas Steinbeck also alleges affirmative misrepresentations regarding his termination rights. He alleges that Winick represented that "[He] did not need to worry about [his] termination interests in John Steinbeck's works because [he] could exercise his termination rights in those works after Elaine died . . . at which point he and Blake would own everything." Compl. ¶ 71(a).

Thomas Steinbeck identifies the following as the alleged false statements intentionally made by Winick and Pinkus, on behalf of themselves, M & O, and the Estate: (1) "In October 1999 Winick represented to Thom that Thom had no trademark rights relating to John Steinbeck because all such rights passed by will to Elaine . . . and Elaine owned those rights," Compl. ¶ 71; and (2) Pinkus, in 2001, also told Thom that Elaine held the trademark rights and Thom had no trademark rights, and further represented that "Elaine transferred [her trademark rights] to the Foundation." *Id.*

For several years following M & O's representation, Thomas Steinbeck did not engage in any new licencing activities. Thomas Steinbeck Decl. ¶ 36. However, he did not cancel previously granted licensing arrangements, thus several continued throughout that period, and remain intact to this day. He claims that "[h]e did not discover the true facts concerning said Defendants' actions and his rights until after Elaine's death in 2003." Compl. ¶ 55.

DISCUSSION

Summary judgment is proper "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). "A fact is material when it might affect the outcome of suit under the governing law. An issue of fact is genuine if the evidence is such that a reasonable jury could have returned a verdict for the [nonmoving party]." *Miner v. Clinton County N.Y.*, 541 F.3d 464, 471 (2d Cir. 2008) (citing *McCarthy v. Dun & Bradstreet*

Corp., 482 F.3d 184, 202 (2d Cir. 2007)) (internal brackets omitted).

Although, the moving party has the burden of demonstrating that no factual dispute exists, unless the nonmoving party offers some hard evidence showing that its version of events is not wholly fanciful, summary judgment is granted to the moving party. *Miner*, 541 F.3d at 471. The non-movants "will have their allegations taken as true, and will receive the benefit of the doubt when their assertions conflict with those of the movant." *Dawson v. County of Westchester*, 373 F.3d 265, 272 (2d Cir. 2004) (internal quotations omitted).

A. Federal Trademark Claim

Thomas Steinbeck brings claims for trademark infringement and unfair competition pursuant to Section 43(a) of the Lanham Trademark Act, 15 U.S.C. § 1125(a),[5] seeking monetary, injunctive, and declaratory relief. He portends that he developed trademarks in Steinbeck's name and likeness, which the Estate, the Foundation, as well as other named Defendants, infringed by "purporting to license trademark rights," Compl. ¶ 119(b), and filing regis-

---

[5] Under Section 43(a)(1) of the Lanham Act it is unlawful to utilize "in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, . . . which . . . is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of . . . the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person." 15 U.S.C. § 1125(a)(1)(A). A trademark is defined as "any word, name, symbol, or device, or any combination thereof . . . used by a person . . . to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown." 15 U.S.C. § 1127.

tration applications that included false statements regarding prior users of "Steinbeck" marks.

In order "[t]o prevail on a claim of trademark infringement, a plaintiff must show, first, that its mark merits protection, and, second, that the defendant's use of a similar mark is likely to cause consumer confusion" as to the source of the mark. *Brennan's, Inc. v. Brennan's Rest.*, 360 F.3d 125, 129 (2d Cir. 2004). The party claiming trademark infringement has the burden of demonstrating "that it is probable, not just possible, that consumers will be confused." *Brennan*, 360 F.3d at 134. On a trademark infringement claim, the non-moving party has the burden at trial of proving the likelihood of confusion, by a preponderance of the evidence. *See Pfizer Inc. v. Astra Pharmaceuticals Prods.*, 858 F. Supp. 1305, 1328 (S.D.N.Y. 1994). Moreover, where the party claiming trademark infringement presents evidence of the likelihood of confusion:

> [A] prior owner's chance of success is a function of many variables: the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers."

Polaroid Corp. v. Polarad Electronics Corp., 287 F.2d 492, 495 (2d Cir. 1961).

Unregistered marks may receive protection under the Lanham Act.[6] Thomas Steinbeck argues that he

---

[6] "In determining whether an unregistered mark is entitled to protection under § 43(a), . . . the general principles qualifying a mark for registration under § 2 of the Lanham Act [15 U.S.C.

"possesses 'Steinbeck'-related trademark rights superior to those asserted by the Estate defendants," Plaintiff's Memorandum of Law 11, based on common law trademark usage, which includes the creation of a film company with the name Steinbeck, and licensing arrangements, which pre-date the first use date on the Foundation's registration applications.[7] The Estate defendants do not dispute the fact that Thomas Steinbeck's marks are *eligible* for protection,

---

§ 1052] are for the most part applicable." *See Louis Vuitton Malletier v. Donney & Burke, Inc.*, 454 F.3d 108, 116 (2d Cir. 2006) (internal citation and quotation marks omitted). Historical surnames or surnames that are not utilized frequently are considered inherently distinctive arbitrary marks separating them from non-historical or common surnames, which must acquire secondary meaning in order to benefit from trademark protection. *Compare Lucien Piccard Watch Corp. v. Since 1968 Crescent Corp.*, 314 F. Supp. 329, 331 (S.D.N.Y. 1970) (DA VINCI) and 15 U.S.C. § 1052(e)(4) ("No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it . . . [c]onsists of a mark which . . . is primarily merely a surname.") The Estate defendants have not argued that Thom's marks do not deserve protection for this reason, undoubtedly because they have received permission to register similar marks.

[7] In the event that plaintiff cannot prevail by simply establishing priority, he argues, in the alternative, that any trademarks Elaine Steinbeck inherited-by-will were abandoned as a result of non-use. *See* 15 U.S.C. 1127 ("A mark shall be deemed 'abandoned' if . . . its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from the circumstances. Nonuse for three consecutive years shall be prima facie evidence of abandonment.").

Because Elaine inherited the remainder of the Estate, she would necessarily have acquired the personal property right to use, or grant permission for others to use John Steinbeck's name as a trademark, in the absence of existing valid trademarks using his name.

but rather they contest the validity and ownership of his alleged trademark rights based on his use of the marks. The Estate defendants maintain that his activities amount to "sporadic licensing" that cannot command trademark protection.[8]

The linchpin of trademark protection for a licensor is control over the quality of the goods, such that the licensor may be identified as the source of goods. *See Twentieth Century Fox Film Corp. v. Marvel Enters.*, 277 F.3d 253, 259 (2d Cir. 2002) ("[T]he licensor of the [mark], is obliged to maintain some control over the quality of the licensed property as an incident of valid licensing or risk abandonment of its mark.") Only two of the uses Thomas Steinbeck lists (1982: Steinbeck Treatment Center; and, 1984: Steinbeck Credit Union) occurred prior to the earliest use date provided by the Foundation in its USPTO registration applications (1986: the Center for Steinbeck Studies or "Steinbeck Studies"), and both of those uses involved a licensing arrangement. Thomas Steinbeck has not supplied either license agreements or information on informal quality standards imposed on licensees, nor did his counsel address the legal consequences of his licensing activities during oral argument. He has not adequately refuted the Estate defendants' contention that his activities do not deserve trademark protection. Because he has not made any showing as to the second prong of the test for trademark infringement, that confusion is probable as a result of Defendants' use of "Steinbeck-related" marks, the Court deems it unnecessary to

---

[8] The Estate defendants note that plaintiff has not put forth any facts or allegations that the Estate defendants have utilized Steinbeck's likeness in a manner that infringes on his trademark rights.

determine whether the marks plaintiff utilized deserve protection, or to distill the application of each *Polaroid* factor.

Plaintiff presents not even a scintilla of evidence indicating that consumer confusion is, or even may become possible, much less, likely or probable. There is no support in the record for his conclusory assertion that the Foundation, the Estate, Defendants Jean and Frushtick utilized Steinbeck-related marks "in a manner that is likely to cause confusion among ordinary purchasers as to the source of the goods they have licensed." Compl. ¶ 67. He seems to suggest that the marks used by the Foundation are identical, however, the similarity of the marks is only one factor under the Polaroid rubric. He has not provided any basis for making it the dispositive factor. His prior uses did not include use of John Steinbeck's first name and the Foundation uses a stylized signature. Even if the *Polaroid* factors weighed in plaintiff's favor, dismissal of plaintiff's trademark infringement claim is warranted because plaintiff has not made a sufficient showing that his marks deserve trademark protection.

Further, since the record indicates that both plaintiff and the defendants have indicated dates of use that span the past decade, it is telling that plaintiff fails to articulate even one instance of actual confusion or to provide any basis for alleging potential confusion. *See Pfizer Inc. v. Astra Pharmaceutical Prods.*, 858 F. Supp. 1305, 1325 ("[T]he complete absence of actual confusion evidence after a significant period of competition may weigh in a defendants' favor") (quoting *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 875 (2d Cir. 1986)).

The moving Defendants have met their burden to show that there is no triable issue of material fact on plaintiff's trademark infringement claims. Plaintiff has not presented evidence to support his trademark infringement claims. Accordingly, summary judgment dismissing claims one and twelve is proper.

B. State Law Claims[9]

Breach of Fiduciary Duty

Thomas Steinbeck brings breach of fiduciary duty claims against the Estate based on fraudulent concealment, alleging that on behalf of Elaine Steinbeck, M & O failed to inform him that his and Elaine Steinbeck's termination interests were diametrically opposed, specifically that her one hundred percent copyright interest in several Steinbeck works would be reduced to fifty percent if she exercised termination rights (either with the explicit approval of the sons prior to 1983 or, under her post-1983 POA authority). *See* 17 U.S.C. 304(c); Comp. ¶ 98; Plaintiffs 56.1 Stmt. ¶ 42. The Estate defendants contend that the 1983 Settlement Agreement and the powers-of-attorney executed by the sons eliminate the possibility that Elaine Steinbeck owes fiduciary duties to plaintiffs. Although M & O concedes that the literary agency owes a fiduciary duty to its clients, including plaintiff, M & O argues that their duties have been circumscribed by the above-listed agreements.

In order to prevail on a claim for breach of fiduciary duty, a plaintiff must "prove the existence of a fiduciary relationship, misconduct by the defendant, and damages that were directly caused by the defendant's misconduct." *Fitzpatrick House III,*

---

[9] All parties involved agree that New York state law applies to the plaintiffs' state law claims.

LLC v. Neighborhood Youth & Family Services, 868 N.Y.S.2d 212, 213 (2nd Dep't 2008) (quoting *Kurtzman v. Bergstol*, 835 N.Y.S.2d 644, 646 (2nd Dep't 2007).

The Estate defendants argue that Elaine Steinbeck holds the power of attorney in conjunction with an interest in the subject matter of the power of attorney, or a "power given as a security." Plaintiff argues that Elaine Steinbeck does not have a power coupled with an interest because she did not have any interest in the sons' portion of the copyright interest.

Blackletter law clearly delineates a "power given as security" (or a "power coupled with an interest") from a power of attorney that creates an agency relationship. The former "is given to protect a legal or equitable title. . . . It is given upon creation of the duty or title or for consideration. It is distinct from actual authority that the holder may exercise if the holder is an agent of the creator of the power." Restatement (Third) of Agency §§ 3.12(1) & cmt. b; *see also 330 Acquisition Co., L.L.C. v. Regency Savings Bank, F.S.B.*, 761 N.Y.S.2d 185, 186 (1st Dep't 2003) ("Where the recipient of the power is acting in his own interest as well as that of the grantor, no fiduciary duty arises."); *Nw. Nat'l Ins. Co. of Milwaukee, Wis. v. Alberts*, 769 F. Supp. 498, 508 (S.D.N.Y. 1991) (finding no fiduciary duty where a surety had an active role and stood to benefit from consummated transactions notwithstanding the fact that the surety held a power of attorney and was designated as plaintiff's attorney-in-fact).

Elaine Steinbeck held a power coupled with an interest because she acted for her own benefit as a one-half owner of the copyright interests. *See* Restatement Third, Agency § 3.12 (Illustrations 4 and

5) (The holder of the power of attorney who retains a one-half interest in a patent invention and is given the authority to file patent applications and make contracts with manufacturers may be found to have a power given as security because the holder "will exercise the power for the benefit of [the holder] as well as [the creator's benefit.").

Even if Elaine Steinbeck owed fiduciary duties to plaintiffs, they cannot demonstrate misconduct because any duties Elaine Steinbeck held were limited by the 1983 Settlement Agreement and the powers of attorney.

The 1983 Settlement Agreement provides in pertinent part that:

> Elaine Steinbeck and/or her agent shall have the *complete power and authority* to negotiate, authorize and take action with respect to the exploitation and/or termination of rights in the works of John Steinbeck in which John Steinbeck IV and Thom Steinbeck *have or will have renewal or termination rights*.

Thomas Steinbeck Decl. Ex. 4 at ¶ 5 (emphasis added).[10] The Settlement agreement further states that "[i]n order to effectuate the terms of [the above] Paragraph, John Steinbeck IV and Thom Steinbeck shall each execute simultaneously with the execution

---

[10] The power of attorney gave Elaine Steinbeck exclusive control over the copyrights, and also purportedly gave her the ability to exercise termination rights. The issue was not resolved by the Second Circuit. The Court of Appeals noted that "[a]lthough [Elaine] possessed a power of attorney to exercise [plaintiffs'] termination rights as a result of the 1983 settlement, it is unclear that [Elaine's] exercise of [plaintiffs'] rights would have been valid." *Penguin Group (USA) Inc.*, 537 F.3d at 203 n.5.

of this Agreement, an irrevocable power of attorney in favor of Elaine . . . ." *Id.* Both sons executed powers of attorney with the assistance of independent counsel. *Id.* Ex. 5; Ex. 4 (". . . John Steinbeck IV and Thom Steinbeck, through their attorneys, . . . , shall withdraw the Notice of Appeal . . . .").

The Power of Attorney states that:

> I,[ ], hereby irrevocably appoint Elaine Steinbeck my attorney-in-fact to act in my place, to the extent I am permitted by law to act through an agent or attorney-in-fact, as follows: to exercise my *rights of renewal and rights to terminate* grants to third parties and make new contracts and agreements and otherwise take and authorize action on my behalf, *directly or through such agents or attorney-in-fact as she, in her sole discretion, may appoint*, all solely with respect to the works of John Steinbeck in which I now have or will have renewal or termination rights under the U.S. Copyright Law.

Thomas Steinbeck Decl. Ex. 5. Plaintiff does not disagree that "[b]y signing [the settlement agreement and the power of attorney], [he] understood that [he] was giving Elaine power of attorney over all [of his] copyright interests in [his] father's works." *Id.* at ¶ 10.

His breach of fiduciary duty claims and fraudulent concealment claims must fail because the scope of any fiduciary duty allegedly owed to him is not so broad as to include a duty to explain the legal consequences of his termination and trademark rights where plaintiffs were represented by independent counsel prior to signing an agreement specifically addressing those interests.

Plaintiffs admit that the 1983 Settlement Agreement, signed by the sons while represented by inde-

pendent legal counsel, designated M & O as literary agent charged with "administer[ing] all copyrights and rights deriving therefrom in the works of John Steinbeck." Plaintiffs 56.1 Stmt ¶ 17. Further, plaintiffs admit that:

> By virtue of the [] powers-of-attorney [granted to Elaine], the M & O Defendants were required at all times during her lifetime to follow the instructions of Elaine with respect to the management of the works of John Steinbeck, including *any* negotiation, authorization or action with respect to the exploitation and/or termination of rights in the works of John Steinbeck in which John IV (and later Blake) and Thom had renewal or termination interests.

Id. ¶ 16 (emphasis added). Despite this admission and explicit mention of both renewal and termination rights in the powers-of-attorney, plaintiffs claim that they were not advised by the Defendants that the federal statutes afforded termination and renewal rights under copyright law. Notwithstanding M & O counsel's concession, during oral argument, that literary agents offer their clients legal advice, plaintiffs' belated attempt to cast Elaine Steinbeck and M & O with responsibilities properly suited for independent counsel cannot create such a specific responsibility where only a generalized duty to account for revenues or to refrain from abuses of power exists. Here, it is not disputed that Elaine Steinbeck had the "complete" power to manage the plaintiffs' copyright interests.

Besides Elaine Steinbeck's supposed failure to exercise termination rights and disclose conflicts of interest that were equally discoverable by all involved, plaintiffs point to no other incidence of misconduct,

other than a trivial complaint that she did a below-market deal with a charity. Compl. ¶¶ 47, 48. Plaintiffs do not complain that they have received an improper accounting of revenues, and they have not returned any of the monies received from the re-negotiation of the 1994 agreement. Plaintiffs' only grievance appears to be that they could have received more money from exploitation of their own copyrights interests, specifically if Elaine Steinbeck had exercised termination rights. Oral Arg. Tr. 112-113. This is not an abuse of power or "misconduct" for which she can be liable on a breach of fiduciary duty theory.

The M & O defendants argue that any fiduciary duty owed, as alleged experts in copyright law, was limited in scope by the 1983 Settlement Agreement and the powers of attorney. "[A]n agent's fiduciary duties to the principal vary depending on the parties' agreement and the scope of the parties' relationship." Restatement (Third) of Agency 8.01; *Id.* cmt. c ("The scope of an agency relationship can be analyzed by . . . examining whether particular interactions are as principal and agent."). Plaintiffs had no right to extract undivided loyalty from M & O when they signed agreements that would necessarily require M & O to give its undivided loyalty to Elaine Steinbeck. The 1983 Agreement gave Elaine Steinbeck the sole authority to control the Steinbeck Works; insofar as M & O served as Elaine Steinbeck's agent, M & O's fiduciary duty owed to plaintiff was circumscribed by the terms of the agreement. *See Mickle v. Christie's Inc.*, 207 F. Supp. 2d 237, 244 (S.D.N.Y. 2002).

Plaintiffs' breach of fiduciary duty and fraud claims, respectively claim two and four, are dis-

missed as to the Estate of Elaine. Thomas Steinbeck's breach of fiduciary claim against M & O is also dismissed.

Fraud & Negligent Misrepresentation against M & O

Plaintiff also alleges that M & O committed fraud by making several affirmative misrepresentations on behalf of Elaine Steinbeck. Plaintiff claims the misstatements caused his failure to "object to Defendants' claims to[,] or exploitation of [, his] trademark rights . . ." *Id.* New York law requires that "a fraud claimant . . . prove a representation of fact, which is either untrue and known to be untrue or recklessly made, and which is offered to deceive the claimant and to induce claimant to act upon the misrepresentation, causing injury." *See Banque Franco-Hellenique De Commerce International et Maritime, S.A. v. Orestes Christophides*, 106 F.3d 22, 25 (2d Cir. 1997) (internal quotation marks and brackets omitted). Plaintiff must also show that the representation was material and any reliance was justified. "A party asserting fraud must be warranted in taking the misrepresented matter into account when deciding to act, as well as in believing that the misrepresentations were true." *Id.* at 26. In instances where the party alleging fraud is aware that the representation made does not reflect the whole truth, "[a] heightened degree of diligence is required." *Id.* at 27 (citing *Mallis v. Bankers Trust Co.*, 615 F.2d 68, 81 (2d Cir. 1980)) (noting that "[d]ecisions holding that reliance on misrepresentations was not justified are generally cases in which plaintiff was put on guard . . . .")) (citations omitted).

Plaintiff has not demonstrated reasonable reliance nor a justifiable basis for relying on the specific

statements by the persons involved. Plaintiff earlier launched claims for breach of fiduciary duty against M & O, on the grounds that M & O principals allegedly misled him as to the legal interpretation of his statutory copyright interest. Kohlmann Decl. Ex. A (*Steinbeck v. Steinbeck*, No. 81 Civ. 6105 (RO) (S.D.N.Y. Dec. 8, 1982)). He astutely relied on outside legal counsel for earlier agreements involving the M & O defendants. Reliance, in such a context, would be anything but warranted. *See* Compl. ¶ 55 ("Winick advised Thom in October 1999 that *based on his reading of John Steinbeck's will*, 'Elaine was granted all of those trademark rights by will since John Steinbeck had left her all of his personal property.'") (emphasis added). Based on the decades-long fractured relationship between the parties, plaintiff's knowledge of the dates of his use of marks, and his awareness of Steinbeck's alleged non-use of Steinbeck-related marks, he was faced with facts indicating that the affirmative statements, that he held no trademark rights, may not reflect his particular circumstances.

Furthermore, as the M & O defendants point out, Thom's failure to cancel previously granted licenses after obtaining knowledge of the Foundation's registration of Steinbeck related marks undermines his argument that he relied on the representations in believing that he owned no trademark rights. Finally, the record is bereft of any evidence of missed opportunities for exploiting his trademarks during the relevant period. Accordingly, plaintiff's claims for fraud and negligent representation against M & O must fail.

Promissory Estoppel

Plaintiff asserts a promissory estoppel claim against the Estate for failing to fulfill an oral promise Elaine Steinbeck allegedly made in 1990, giving plaintiff the right to produce a project based on Steinbeck's work, "Travels with Charley." Compl. ¶¶ 88-90 (fifth claim). In conjunction with the alleged oral promise, plaintiff claims that M & O allegedly tortiously interfered with his prospective economic advantage by terminating an "Agreement-in-Principle" between him and Warner Bros. Television and Malk Wolper Productions "for a television miniseries based on "Travel with Charley." Compl ¶¶ 92-93 (sixth claim) ("M & O advised the other parties to the Agreement-in-Principle that the 'Travels with Charley' project was 'off the table' and that Elaine's Estate would not consent to use of the estate's interests in 'Travels with Charley' in such a project.").

The elements of a promissory estoppel claim under New York Law are "(1) a speaker made a clear and unambiguous promise; (2) it was reasonable and foreseeable for the party to whom the promise was made to rely upon the promise; and (3) the person to whom the promise was made relied on the promise to his or her detriment." *Henneberry v. Sumitomo Corp. Of Am.*, 532 F. Supp. 2d 523, 533. The plaintiff must plead "an injury stemming from his reliance" that has resulted in damages. *Id.* at 534 (quoting *Silver v. Mohasco Corp.*, 462 N.Y.S.2d 917, 920 (3rd Dep't 1983).

Plaintiff grounds his promissory estoppel claim on Elaine Steinbeck's alleged oral promise in 1990 to allow him to "produce th[e] ['Travels with Charley'] project . . . and market all rights in ['Travels with Charley']." Compl. ¶ 48(c). Even if plaintiff could

establish a clear and unequivocal promise, nowhere in the record does he give any description of the nature of his reliance. The unsupported assertion that he spent "tens of thousands of dollars" when "he invested in developing 'Travels with Charley'", Compl. ¶ 90, does not qualify as sufficient opposition to the Estate defendants' argument that there are no triable issues of fact in dispute. Plaintiff has provided the Court with the no [sic] basis to infer what expenses or investment he made in the project. At oral argument, plaintiff's attorney mentioned only one category of expenses, namely, travel expenses, without any further elaboration. Any reliance undertaken and damages would be within plaintiff's knowledge, and evidence of such would most logically be in his possession. A plaintiff cannot raise a triable issue of fact by merely failing to substantiate his own claims.

Further, even if plaintiff had provided evidence of injury stemming from reliance, he has not shown that his reliance is reasonable and foreseeable in light of the years of contention and litigation between the parties. Yet, even with the aid of an itemized list of expenses, there would remain the question of foreseeability. Defendants argue that it is not foreseeable that plaintiff would rely on a "nearly 20 year old conversation." Estate Defts.' Summary Judgment Memorandum 13, 15; *see Nardi v. Stevens Inst. of Tech.*, 60 F. Supp. 2d 31, 55 (E.D.N.Y. 1999). Further, he does not give any indication that he would not have pursued the same course of action in the absence of the alleged promise. Plaintiff, admittedly, founded a film company with his brother in 1987, three years prior to any alleged promise by Elaine Steinbeck. Additionally, there is evidence of a draft

option agreement between Monument Pictures, Inc. and plaintiff's company, Steinbeck Films, Inc. relating to Travels with Charley dated April 27th 1989, also prior to any alleged 1990 promise. That presented him with the opportunity to be paid as a writer, co-writer, and Executive Producer for the movie in addition to receiving "a portion of the rights fees payable . . . to the Estate of John Steinbeck." *See* Thom Dec. Ex. 25 page 205. Rather than infer that any expenditures were induced by Elaine Steinbeck's alleged promise, plaintiff has provided evidence that he has pursued, and will, likely, in the future have, other incentives to specifically produce a movie project for "Travels with Charley."

On the basis of this record, a reasonable jury could not find in plaintiff's favor on the promissory estoppel claim. Because he fails to proffer evidence that he suffered an injury as a result of his alleged justifiable reliance, or that such reliance would be reasonable and foreseeable, his promissory estoppel cause of action must be dismissed.

Interference with Prospective Economic Advantage

"Under New York law, a claim for tortious interference with prospective economic advantage lies where (1) the plaintiff had a business relationship with a third party; (2) defendant knew of such relationship and intentionally interfered with it; (3) defendant acted solely out of malice, or used dishonest, unfair, or improper means; and (4) defendant's actions injured the relationship between plaintiff and third party. *Henneberry*, 532 F. Supp. 2d at 547 (internal citations omitted). "The general rule is that the conduct must amount to a crime or an independent tort, or must be engaged in 'for the sole purpose

of inflicting intentional harm on plaintiffs.'" *Id.* at 548 (citations omitted).

M & O was obligated to follow Elaine Steinbeck's, and the Estate of Elaine Steinbeck's instructions. Plaintiff does not allege that M & O's actions were contrary to those instructions. The evidence indicates a lack of the requisite *intent* to interfere with the relationship between plaintiff and movie production companies. Plaintiff also has not made any showing that M & O used other than professional means to carry out its alleged actions, or that the actions were purposefully aimed at harming plaintiff. Plaintiff only alleges that M & O communicated the Estate's desire not to go forward with the project. The economic interference claim also cannot stand since the Estate was within its legal rights to deny consent, and to communicate that decision via its agent, here, the M & O defendants. *See* Oral Arg. Tr. at 92-93. Accordingly, Thom's interference with economic advantage claim must fail.

Unjust Enrichment & Constructive Trusts

Plaintiffs have alleged unjust enrichment (claim seven) against the Estate based on Elaine Steinbeck's alleged failure "to exercise Thom and Blake's termination rights with respect to certain Steinbeck works." Compl. ¶ 98. In addition, plaintiffs have requested that the Court impose constructive trusts (claims eight and nine) in plaintiffs' favor on the "revenue derived from all copyright interests controlled by the [E]state, and on [certain identified] copyrights and trademark interests in John Steinbeck or John Steinbeck works. Compl. ¶ 103.

To prevail on a claim of unjust enrichment claim, the plaintiff must demonstrate that "(1) the other party was enriched, (2) at [the plaintiff's] expense

and (3) that it is against equity and good conscience to permit [the other party] to retain what is sought to be recovered." *Cruz v. McAneney*, 816 N.Y.S.2d 486, 490 (2nd Dep't 2006) (internal quotation marks omitted). "The usual elements of a constructive trust are (1) a confidential or fiduciary relationship, (2) a promise, (3) a transfer in reliance thereon, and (4) unjust enrichment." *O'Brien v. Dalessamdro*, 843 N.Y.S.2d 348, 349 (2nd Dep't 2007)

Elaine Steinbeck's refusal to exercise plaintiffs' termination rights to grants previously issued by John Steinbeck may not serve as a basis for an unjust enrichment claim as plaintiffs "could not have exercised their termination rights ... [without Elaine's consent] because they lacked more than one-half of [Steinbeck's] termination interest." *Penguin Group (USA) Inc.*, 537 F.3d at 202. Elaine Steinbeck had no legal duty or obligation to exercise termination rights on plaintiffs' behalf. Plaintiffs have not presented any alternative legal basis for their unjust enrichment claim. Nor have they identified any benefit that Elaine Steinbeck received that she was not entitled to, or that belonged to them. Their claim for unjust enrichment is dismissed. Accordingly, there is no basis for the imposition of constructive trusts against the Estate. There are no material issues of fact in dispute, and in opposition to Defendants' motion, plaintiffs' have failed to raise any triable issues for trial. Defendants have also shown that they are entitled to judgment as a matter of law.

CONCLUSION

The Estate defendants' motion for summary judgment dismissing plaintiffs' first, second, fourth, fifth, seventh, eighth, ninth, and twelfth claims is granted. The M & O defendants' motion for summary judg-

ment dismissing plaintiffs' second, third, fourth, and six claims is granted. This case is dismissed in its entirety.[11]

Dated: New York, New York
March 31, 2009

SO ORDERED:
/s/ GEORGE B. DANIELS
GEORGE B. DANIELS
United States District Judge

[11] Plaintiff's tenth, eleventh, and thirteenth claims have been previously resolved by the Court.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

---

04 CV 5497 (GBD)

THOMAS STEINBECK, AN INDIVIDUAL; AND BLAKE SMYLE, AN INDIVIDUAL,
Plaintiffs and Counterclaim Defendants,

NANCY STEINBECK, AN INDIVIDUAL,
Intervenor-Plaintiff,

v.

MCINTOSH & OTIS, INC., A NEW YORK CORPORATION; THE STEINBECK HERITAGE FOUNDATION, A NON-PROFIT NEW YORK CORPORATION; EUGENE WINICK, AN INDIVIDUAL; SAMUEL PINKUS, AN INDIVIDUAL; JEAN ANDERSON BOONE, AN INDIVIDUAL; FRANCIS ANDERSON ATKINSON, AN INDIVIDUAL; WAVERLY SCOTT KAFFAGA, AN INDIVIDUAL AND EXECUTOR OF THE ESTATE OF ELAINE ANDERSON STEINBECK; DAVID SCOTT FARBER, AN INDIVIDUAL; ANDERSON FARBER RUNKLE, AN INDIVIDUAL; JEBEL KAFFAGA, AN INDIVIDUAL; BAHAR KAFFAGA, AN INDIVIDUAL; AND STEVEN FRUSHTICK, AN INDIVIDUAL; AND DOES 1-10,
Defendants and Counterclaim Plaintiffs.

[Mar. 31, 2009]

MEMORANDUM DECISION AND ORDER

GEORGE B. DANIELS, District Judge:

Plaintiff Thomas Steinbeck filed a complaint alleging various state and federal claims against, *inter alia*, Defendant McIntosh & Otis ("M&O").[1] M&O filed an amended answer including a counterclaim relating to plaintiff's decision to partially terminate the literary agency with respect to non-literary works.[2] Thomas Steinbeck moved for summary judgment dismissing M&O's counterclaim and requesting declaratory relief that his partial termination of the literary agency was proper. M & O cross-moved for judgment on the pleadings. M&O's motion for judgment on the pleadings is granted. Plaintiff's motion for summary judgment on M&O's counterclaims is, therefore, moot.

Familiarity with the facts and parallel proceedings in this matter is assumed. Pursuant to a written agreement, John Steinbeck's widow, Elaine Steinbeck, received a one-half share in royalty distributions from copyright renewal interests for the domestic exploitation of certain works of John Steinbeck.

---

[1] Plaintiff Blake Smyle has not asserted any claims against M&O, and is not involved in the instant controversy.

[2] By letter dated June 23, 2006, Thomas Steinbeck also purported to terminate his relationship with M&O with respect to any book publishing rights Thomas Steinbeck might acquire as a result of Judge Richard Owen's decision that the Notices of Termination Thomas Steinbeck and Blake Smyle served Penguin (USA) Inc. ("Penguin") were valid. Affidavit of Lacy H. Koonce III, Aug. 28, 2006, Ex. H. However, he sent this letter prior to the Second Circuit reversing Judge Owen's decision, and mandating the entry of judgment in Penguin's favor. *Compare Steinbeck v. McIntosh & Otis et al.*, 433 F. Supp. 2d 395 (S.D.N.Y. 2006), with *Penguin Group (USA) Inc. v. Steinbeck*, 537 F.3d 193 (2d Cir. 2008). M&O's second counterclaim, addressing the purported termination as to literary works, is moot because Thomas Steinbeck cannot terminate M&O as to rights he does not currently possess.

His two sons from an earlier marriage, John Steinbeck IV and Thomas Steinbeck, received a quarter-share each. To resolve litigation between the parties, the widow and sons entered a settlement agreement in 1983 ("the 1983 Settlement Agreement") that, *inter alia*, apportioned royalty distributions into one-third shares and appointed M&O as the literary agent for John Steinbeck's works. Declaration of Plaintiff and Counterclaim Defendant Thomas Steinbeck in Support of his Motion for Summary Judgment on McIntosh & Otis, Inc.'s Counterclaim ("Thomas Steinbeck Decl."), June 15, 2006, Ex. 2.

On May 24, 2004, Thomas Steinbeck's counsel sent a letter notifying M&O that "effective immediately [M&O was] no longer authorized to represent [him] and [John Steinbeck IV's] motion picture, television and ancillary interests . . . ." Thomas Steinbeck Decl., Ex. 4.

"A motion for judgment on the pleadings under Fed. R. Civ. P. 12(c) is analyzed under the same standard as a motion to dismiss for failure to state a claim under Fed. R. Civ. P. 12(b)(6). *CBS Broad., Inc. v. Jones*, 460 F. Supp. 2d 500, 503 (S.D.N.Y. 2006). The Court assumes as true all factual allegations made by the non-movant and makes all reasonable inferences in the non-movant's favor. *United Res. Recovery Corp. v. Ramko Venture Mgment.*, 584 F. Supp. 2d 645, 651 (2d Cir. 2008). "[A] court may consider the pleadings and attached exhibits, statements, or documents incorporated by reference, and matters subject to judicial notice." *Life Product Clearing LLC. v. Linda Angel*, 530 F. Supp. 2d 646, 652 (S.D.N.Y. 2008). "Bald contentions, unsupported characterizations, and legal conclusions are not well-

pled allegations and will not defeat a motion." *Id.* (citations omitted).

Thomas Steinbeck argues that Elaine Steinbeck obtained the ability to terminate M&O, at her sole discretion, pursuant to a personal services contract that ended when the power of attorney was extinguished, and that the power of attorney he signed became obsolete upon her death. Plaintiff provides no other basis for the argument that a power of attorney would be needed to permit Elaine Steinbeck to terminate M&O's agency, except that the last line of Paragraph 5 of the 1983 Settlement Agreement necessarily refers to every provision within Paragraph 5.

Paragraph 5 of the 1983 Settlement Agreement reads as follows:

> 5. The Parties hereby appoint M&O as their literary agent to administer in the future, as it has in the past, all copyrights and rights deriving therefrom in the works of John Steinbeck. *Said appointment shall be terminable solely at the discretion of Elaine Steinbeck.* Elaine Steinbeck and/or her agent shall have the complete power and authority to negotiate, authorize and take action with respect to the exploitation and/or termination of rights in the works of John Steinbeck in which John Steinbeck IV and Thomas Steinbeck have or will have renewal or termination rights. *In order to effectuate the terms of this Paragraph*, John Steinbeck IV and Thomas Steinbeck Steinbeck shall each execute, simultaneously with the execution of this Agreement, an irrevocable power of attorney in favor of Elaine Steinbeck . . . .

Thomas Steinbeck Decl., Ex. 2. (emphasis added).

The interpretation plaintiff suggests is contrary to "[t]he [primary] purpose of a written power of attor-

ney [which] is not to define the authority of the agent as between himself and his principal, but to evidence the authority of the agent to third parties with whom the agent deals." *In re Estate of Anyon*, 244 N.Y.S. 244, 248 (N.Y. Sur. 1930). It would appear nonsensical that a power of attorney would be necessary to evidence to M&O, the agent, that it could be fired by Elaine Steinbeck, the principal. Further, M&O was intimately involved in the process: M&O stood to benefit from both an appointment contained in the 1983 Settlement Agreement and from Thomas Steinbeck's stated forbearance of his right to assert previously unasserted claims against M&O for breach of fiduciary duty. Although, M&O was not a signatory to the 1983 Settlement Agreement, M&O received a general release from both sons as a result of the agreement.

There is no indication that the power of attorney Thomas Steinbeck provided to Elaine Steinbeck was necessary to effectuate her discretion to terminate M&O. The execution of the 1983 Settlement Agreement alone was sufficient to bring about the appointment of M&O; similarly, it was also sufficient to delineate the manner of M&O's termination. Tellingly, the power of attorney specifically refers to the settlement provision granting Elaine Steinbeck control over the exploitation of the copyrights without any mention of her right to specifically appoint or terminate M&O.[3] Accordingly, even if the power of

---

[3] The powers of attorney executed by John Steinbeck IV and Thomas Steinbeck provide that:

> [Thomas Steinbeck and John Steinbeck IV] [i]rrevocably appoint Elaine Steinbeck Steinbeck [as their] attorney-in-fact . . . to exercise their rights of renewal and rights to terminate grants to third parties and make new contracts and grants

attorney expired, this would not effect the provision relating to the discretion to terminate.

M&O argues that the literary agency agreement covering Steinbeck works, if terminable at all, is not terminable by Thomas Steinbeck because, under the 1983 Settlement Agreement, Elaine Steinbeck held the bargained-for contractual right to terminate the literary agency agreement. M&O further argues that regardless of whether the literary agency relationship is irrevocable or not, in the absence of any specific grant of the right to another person, only Elaine Steinbeck's heirs would have the right to terminate M&O. Thomas Steinbeck does not argue contrary to this last point, instead he effectively conceded that "New York law has long recognized that non-personal contractual obligations are indeed descendible . . . ," and that "the death of a party generally does not terminate a contract which is not of a personal nature." Pl.'s Reply Br. 17 (quoting 22A N.Y. Jur., Contracts, 478, citing *In Re Application of Scott*, 234 N.Y. 539 (1922)). However, plaintiff argues that the ability to terminate M&O is not a contractual right, but rather, a personal services contract, which created an agency relationship independent of the power of attorney. His contention, however, is belied by the text of both the 1983 Settlement Agreement and the powers of attorney, because the phrase, "in her sole discretion," found in all of these documents

---

and assignments of copyrights and to negotiate and sign contracts and agreements and otherwise take and authorize action on [their] behalf, directly or through such agents or attorneys-in-fact as she, in her sole discretion, may appoint, all solely with respect to the works of John Steinbeck in which [they] now have or will have renewal or termination rights under the U.S. copyright law.

Thomas Steinbeck Decl., Ex. 2.

indicate Elaine Steinbeck's ability to use her own judgment regarding appointment and termination. Thomas Steinbeck points to nothing in the agreement that would prevent Elaine Steinbeck from firing M&O if it was in her interests and contrary to the sons' interests or objectives. Restatement Third, Agency §§ 1.01, 2.02 (stating that an agent is one who consents to act on behalf of the principal and is subject to the principal's control).

Elaine Steinbeck garnered the right to terminate M&O as literary agent for Steinbeck's works, in her sole discretion, as part of a negotiated settlement. Plaintiff cannot now argue that her benefit of the bargain does not subsist. Meanwhile, plaintiff raises no question that his benefit under the negotiated settlement, a one-third, as opposed to a one-quarter, share of royalty distributions for the domestic exploitation of certain Steinbeck works, remains in effect, and is descendible to his would-be heirs. Paragraph 14 of the 1983 Settlement Agreement states that "[t]his Agreement shall bind the Parties and their heirs, successors and assigns." Thomas Steinbeck Decl., Ex. 2. Accordingly, Paragraph 14 is not limited solely to plaintiff's benefit under the settlement agreement.

Moreover, Elaine Steinbeck's sole discretion to terminate M&O is not dependent on the existence of an executed power of attorney; but, even if it were, her power of attorney did not terminate upon her death, because it is most properly characterized as a power coupled with an interest, which does not create an agency relationship. Restatement Third, Agency § 3.12(1) ("[This power] is given . . . for consideration. It is distinct from actual authority that the holder may exercise if the holder is an agent of the creator of the power"). Unlike a power of attor-

ney that creates an agency relationship, a power of attorney coupled with an interest persists beyond the death of the principal or the agent. Restatement Third, Agency § 3.12(1); *Id.* cmt. b ("A power may be granted irrevocably for the benefit of its creator as well as the holder."). Therefore, Elaine Steinbeck's sole authority to terminate would continue despite her death, thus preventing plaintiff from lawfully terminating M&O.[4]

Because there is no indication, and plaintiff does not allege, that Elaine Steinbeck made any written or oral grant of the power to plaintiff while she was alive, and she specifically excluded him from her will, he has identified no instance in which the discretion to terminate M&O would inure to his benefit.

M&O's cross-motion for judgment on the pleadings is granted.

Dated: New York, New York
March 31, 2009

SO ORDERED:
/s/ GEORGE B. DANIELS
GEORGE B. DANIELS
United States District Judge

---

[4] Plaintiff argues that the power of attorney he gave Elaine Steinbeck is not a power coupled with an interest because she does not own any portion of his one-third interest in royalty distributions from certain copyrights. The interests in the copyrights were such that neither could individually exploit their copyright interests, as the signatures of all three were necessary to execute agreements. The fact that Elaine Steinbeck held no interest in plaintiff's royalty distributions is irrelevant because the undivided copyright, not the royalty distributions, is the "subject matter" of the power of attorney.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

Nos. 04-CV-5497 (RO) & 04-CV-6795 (RO)

THOMAS STEINBECK, AN INDIVIDUAL; AND BLAKE SMYLE, AN INDIVIDUAL,
Plaintiffs and Counterclaim Defendants,

NANCY STEINBECK, AN INDIVIDUAL,
Intervenor-Plaintiff,

v.

MCINTOSH & OTIS, INC., A NEW YORK CORPORATION; THE STEINBECK HERITAGE FOUNDATION, A NON-PROFIT NEW YORK CORPORATION; EUGENE H. WINICK, AN INDIVIDUAL; SAMUEL PINKUS, AN INDIVIDUAL; JEAN ANDERSON BOONE, AN INDIVIDUAL; FRANCIS ANDERSON ATKINSON, AN INDIVIDUAL; WAVERLY SCOTT KAFFAGA, AN INDIVIDUAL AND EXECUTOR OF THE ESTATE OF ELAINE ANDERSON STEINBECK; DAVID SCOTT FARBER, AN INDIVIDUAL; ANDERSON FARBER RUNKLE, AN INDIVIDUAL; JEBEL KAFFAGA, AN INDIVIDUAL; BAHAR KAFFAGA, AN INDIVIDUAL; AND STEVEN FRUSHTICK, AN INDIVIDUAL; AND DOES 1-10,
Defendants and Counterclaim Plaintiffs.

PENGUIN GROUP (USA), INC.,
Plaintiff,

v.

THOMAS STEINBECK AND BLAKE SMYLE,
Defendants.

[June 8, 2006; as amended July 18, 2006]

OPINION AND ORDER

OWEN, District Judge.

Prior to the copyright law amendments taking effect in 1978, there were but two periods of copyright protection – the original period of 28 years, and a 28-year renewal, for a possible total of 56 years. In 1978, the copyright term was increased by 19 years, to a total of 75 years, and in 1998, 20 more years was added to that, for today a total of 95 years.

Given the said length of copyright protection, early in which young creators often less than advantageously contract for long terms with publishers, etc., and it also being the way of the world that a number of such young composers, artists and authors, from time to time, such as John Steinbeck writing his first book in 1929, cannot predict the high stature they would attain,[1] and the popular prominence of their works in musical and literary consciousness – not to mention the eventual high financial rewards to them and their families their work can command, our copyright laws have come to recognize this, and accordingly, in the statute, provide opportunities for such a creator and/or his or her family to terminate – and recapture – rights previously granted others, allowing creators or their heirs appropriate reward for the artistic gifts to our culture.

There are two such "recapture" opportunities during a copyright's lifetime.[2] The first, Section 304(c) of

---

[1] Steinbeck was awarded a Pulitzer Prize and the Nobel Prize for Literature.

[2] A third possible mandatory event of return of the grant – if it can be so phrased – is if the creator dies while the copyright is in its first term. Under that circumstance, the right to future renewal does not follow his contractual or testamentary grant.

the Copyright Act, grants creators of pre-1978 works or their statutory heirs,[3] an inchoate but inalienable[4]

Instead, the expectancy of the renewal rights automatically vests in statutorily enumerated categories of persons – who are *not* bound by the original disposition – according to the following hierarchy: "[1] the widow, widower, or children of the author, . . . [2] the author's executors, if such author, widow, widower, or children are not living, or [3] the author's next of kin, in the absence of a will of the author." 17 U.S.C. § 304(a)(1)(C). *See also Stewart v. Abend*, 495 U.S. 207, 219-20, 110 S.Ct. 1750, 109 L.Ed.2d 184 (1990). Thus, the additional years of protection provided by Section 304(a) represent a completely "new family property right" in pre-1978 works. *Larry Spier, Inc. v. Bourne Co.*, 953 F.2d 774, 779 (2d Cir. 1992).

[3] *See* 17 U.S.C. § 304(a)(1)(C), discussed *supra*, and 17 U.S.C. §§ 304(c)(1), (c)(2), discussed *infra*, for the statute's categorical hierarchy of entitlement. *See also*, *Larry Spier*, 953 F.2d at 778; *Abend*, 495 U.S. at 218, 110 S.Ct. 1750.

[4] The inalienability of the Section 304(c) right has been recognized by the Supreme Court, the Second Circuit, and this Court on myriad occasions. *See Abend*, 495 U.S. at 230, 110 S.Ct. 1750 ("The 1976 Copyright Act . . . provides an inalienable termination right."); *Larry Spier*, 953 F.2d at 779-80 (Section 304(c) "was drafted so as to leave no doubt about the family's power to recapture the copyright."); *Fred Ahlert Music Corp. v. Warner/Chappell Music, Inc.*, 155 F.3d 17, 24 (2d Cir. 1998) (inalienability is "consistent with the general thrust of § 304, which is designed to protect the interests of authors and their heirs and to maximize their ability to exploit the value of their [works] during the extended renewal term."); *Morris*, 73 F. Supp. 2d at 372 ("unlike the renewal rights, the termination right is inalienable . . . Congress resorted to the extraordinary measure of creating an inalienable right in order to ensure that the author's heirs would be able to terminate any contingent grants of renewal rights made during the author's lifetime."). Termination rights remain inalienable until they are exercised by service of a notice of termination. 17 U.S.C. § 304(c)(6)(B); *see also*, 17 U.S.C. § 304(c)(6)(D) (providing that "[a] further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the

property right[5] to "terminate" earlier grants of copyrights made before January 1, 1978 and to do so beginning 56 years after the copyright was first secured (i.e., upon expiration of both the original 28-year copyright term and the pre-1978 28-year renewal term). 17 U.S.C. § 304(c). Such termination right is optional – not mandatory or automatic – and can be exercised at any time during a five-year period beginning at the end of the said 56 year period, or on January 1, 1978 (the date of enactment of the statute extending the copyright protection term), whichever is later. 17 U.S.C. § 304(c)(3).[6] *See Music Sales Corp. v. Morris*, 73 F. Supp. 2d 364, 372 (S.D.N.Y. 1999). Should the creator die, the statute transfers the termination to specific successor(s),[7] who, upon

---

effective date of the termination . . . [or] after the notice of termination has been served . . .").

[5] Because Section 304(a) established a completely new family property right in pre-1978 works, *see supra*, "[t]here are strong reasons for giving the author [and/or his statutory heirs] . . . an opportunity to share in" the benefits of continued exploitation of such works by permitted the author or his family to terminate third party grants. *See House Report on the Copyright Act of 1976*, House Report No. 94-1476, p. 140 (1976).

[6] A notice of such termination must be served no more than ten or less than two years before termination is to be exercised. 17 U.S.C. § 304(c)(4)(A). Thus, under Section 304(c), a notice of termination may be served between 46 years and 59 years after the copyright was originally secured – a 13-year "window of opportunity" – with the rights that are to revert vesting in the owners of the termination interest on the date the notice is served. 17 U.S.C. § 304(c)(6)(B).

[7] The deceased author's termination interest is owned, and may be exercised, by the following: (i) the author's widow or widower owns the author's *entire* termination interest; (ii) if the author leaves both a widow or widower *and* children or grandchildren, the widow or widower owns *one-half* of the author's

recapture thereupon possesses and may re-grant those rights. 17 U.S.C. § 304(c)(1), (c)(6). Termination rights vest on the date a notice of termination is served. 17 U.S.C. § 304(c)(6)(B), (C).[8] Once a prior grant of copyright is terminated, statutory heirs are free to grant these rights to whomever they desire, as such new grants fulfill the purpose of the termination right, which is to provide successors in interest with an opportunity to obtain the fair value of the work by negotiating new terms for previously granted rights once the work's true value has appeared. 3-11 Melville B. Nimmer & David Nimmer, NIMMER ON COPYRIGHT § 11.01[A].

The second such termination right was created in 1998 as part of the Sonny Bono Copyright Term Extension Act (CTEA), which extended the copyright term by an additional twenty years, *see* 17 U.S.C. §§ 304(a), (b), and also gives creators or their survivors who did not exercise their termination rights the first time (i.e., 56 years after the copyright was first secured, *see supra*) a second opportunity to terminate during the five-year period beginning 75

---

interest, and the remaining half is divided per stirpes among the author's progeny; (iii) in the absence of a surviving widow or widower, the author's surviving children, and surviving children of any dead child of the author, own the author's *entire* termination interest, which is divided among them and exercised on a per stirpes basis; or (iv) in the event that none of the aforementioned heirs are living, the author's executor, administrator, personal representative, or trustee shall own the author's *entire* termination interest. 17 U.S.C. § 304(c)(2).

[8] *See Range Road Music, Inc. v. Music Sales Corp.*, 76 F. Supp. 2d 375, 377 (S.D.N.Y. 1999); *see also* 3-11 NIMMER ON COPYRIGHT § 11.03[A][3] (stating that the class of recipients of the terminated rights is determined as of the date the termination notice is served).

years after the copyright came into existence. 17 U.S.C. § 304(d).[9]

To protect this right and prevent creators or statutory heirs from contracting away, for whatever reason, this absolute right to "recapture" for the years of extended protection any pre-1978 copyright grant, the statute declares void any contract the effect of which is in contravention of or which negates either of these termination rights. 17 U.S.C. § 304(c)(5).[10] *See, e.g., Morris*, 73 F. Supp. 2d at 372; *Larry Spier, Inc. v. Bourne Co.*, 953 F.2d 774, 778 (2d Cir.1992).

Pursuant to these provisions in the Copyright Act, in May and June 2004, the then-statutory heirs of John Steinbeck – son Thom and granddaughter Blake – served five "Notices of Termination" on various third parties which purported to terminate pre-1978 grants of copyrights John Steinbeck made to those third parties in accordance with 17 U.S.C. § 304(c) and (d). The parties have filed cross motions

---

[9] Section 304(d) applies to copyrights in their renewal term on the effective date of the CTEA – October 27, 1998 – for which the termination right under Section 304(c) had expired by that date, and as to which the author or the owner of the Section 304(c) termination right has not previously exercised the right. A notice of termination under Section 304(d) must be served no more than ten and not less than two years before termination is to be exercised -- i.e., no earlier than 65 years, and no later than 78 years, after copyright was originally secured.

[10] This statutory prohibition is intended to be broadly applied to invalidate such unlawful contracts and liberally protect termination rights. *See Marvel Characters, Inc. v. Simon*, 310 F.3d 280 (2d Cir. 2002); *Larry Spier*, *supra*; *Morris*, *supra*. Indeed, copyright termination abrogates freedom of contract in two ways: it allows for the invalidation of the original contractual transfer, and it abrogates subsequent attempts to contract around the termination right it creates. 17 U.S.C. § 304(c), (c)(5).

for summary judgment as to the validity of these notices, and the above-captioned actions are joined for this purpose only.[11]

Turning to the facts here, when John Steinbeck died in 1968, his third wife, widow Elaine, inherited his copyrights in his early works[12] under the residuary clause in Steinbeck's will. However, with respect to these works, as well as those that entered their renewal period after Steinbeck's death,[13] his two sons

---

[11] Summary judgment is appropriate when there are no genuine issues of material fact and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). To satisfy its burden under Rule 56(c), the movant must show that the record raises no genuine issue of material fact for trial. *Brink v. Union Carbide Corp.*, 41 F. Supp. 2d 406, 413-14 (S.D.N.Y. 1999); *see also Goenaga v. March of Dimes Birth Defects Foundation*, 51 F.3d 14, 18 (2d Cir. 1995); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48, 252, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986).

[12] Steinbeck's "early works" are those whose renewal term of copyright (i.e., after the first 28 years of copyright) became due in the course of his lifetime, and for which he filed renewal registrations. Specifically, Steinbeck renewed: *Cup of Gold* (©1929), *The Pastures of Heaven* (©1932), *To a God Unknown* (©1933), *The Red Pony* (©1937), *Tortilla Flat* (©1935), *In Dubious Battle* (©1936), *Of Mice and Men* (©1937), *Of Mice and Men* (play) (©1937), *Murder at Full Moon* (©1938), *The Long Valley* (©1938), *The Grapes of Wrath* (©1939), *Forgotten Village* (©1941), and *The Sea of Cortez* (©1941) (collectively, the "Early Works").

[13] These "late works" are: *The Moon is Down* (©1942), *The Moon is Down* (play) (©1942), *Bombs Away* (©1942), *Cannery Row* (©1945), *The Pearl* (©1945), *The Wayward Bus* (©1947), *A Russian Journal* (©1948), *Burning Bright* (©1950), *Log From the Sea of Cortez* (©1951), *East of Eden* (©1952), *Sweet Thursday* (©1954), *The Short Reign of Pippin IV* (©1957), *Once There Was a War* (©1958), *The Winter of Our Discontent* (©1961), and *Travels With Charley* (©1962).

from his second marriage – Thomas Steinbeck and John Steinbeck IV – though inheriting no interest in the copyrights under their father's will, nevertheless became possessed of a 50% share of the copyright termination interest in each work pursuant to Section 304(c)(2)(B), quoted *supra*, which states that a deceased author's entire termination interest is to be divided, 50% to his widow and 50% to his children [and grandchildren]. 17 U.S.C. § 304(c)(2)(B). Since, however, to exercise a termination right requires a simple majority of the possessors, this meant here that, Elaine and the children being in disagreement, no termination right could be exercised, as neither side had 51%.[14] John IV died in 1991, leaving only one child, Blake Smyle, who now asserts her statutory right in his stead, as Steinbeck's granddaughter.[15] Elaine died in April 2003, leaving all copy-

[14] The statute provide that if the author himself has made the assignment, and said author is now dead, termination of the assignment may be effected by the person or persons who own and are entitled to exercise a total of more than one-half of the author's termination interest. 17 U.S.C. § 304(c)(1).

[15] Defendants dispute the assertion that Blake is the granddaughter of John Steinbeck, claiming that there has been no conclusive evidence produced to this effect, and there is no mention of her in John IV's will or in his pleadings in the 1981 action. It is undisputed, however, that John IV's heirs continued to receive his royalties, although the identity of those heirs and the distribution arrangement among them are the subject of a confidential settlement agreement or agreements entered into by Blake, Thom, and John IV's former wife Nancy Steinbeck, the intervenor-plaintiff in this action and the purported residuary beneficiary of John IV's Estate under his will. Nancy apparently seeks to ride on the "coat tails" of Thom and Blake's action against the defendants, claiming that neither Thom nor Blake are likely to protect her interests. As this motion is limited to the validity of the termination notices issued by Thom and Blake, the allegations brought by Nancy are not

rights to her heirs from a previous marriage - all unrelated to Steinbeck.

But upon Elaine's death in April 2003, Thom and Blake, being in agreement, for the first time together possessed the majority (indeed, the totality) of termination interests needed to exercise their termination right. *See* 17 U.S.C. § 304(c)(1). In May and June 2004, they served five "Notices of Termination" on various third parties which purported to terminate pre-1978 grants of copyrights John Steinbeck made to those third parties in accordance with 17 U.S.C. § 304(c) and (d). Specifically, the Notices terminated: (1) a 1938 grant of book publishing rights made to the predecessor of Penguin Group (USA) Inc. (hereinafter the "Penguin Notice");[16] (2) grants of motion picture rights in Steinbeck's *The Red Pony* made to Paramount Pictures, Inc. in 1946, 1947 and 1949; (3) grants of motion picture rights to Steinbeck's *The Long Valley* given to Paramount Pictures, Inc. in 1946, 1947 and 1949; (4) a 1956 grant of theatrical rights to Steinbeck's *Cannery Row* given to Rogers & Hammerstein and MGM; and (5) a 1949 grant of motion picture rights in Steinbeck's *The Wayward Bus* made to Twentieth Century Fox Film Corporation. Each notice is now addressed in turn.

The Penguin Termination Notice

In a 1938 agreement, author John Steinbeck granted to Penguin's predecessor, The Viking Press,

---

addressed at this time, and the parties have reserved their rights to do so.

[16] Widow Elaine entered into a new agreement with Penguin in 1994, Penguin's right of publication remaining the same as in the 1938 grant, but at a higher consideration, and statutory termination rights explicitly continued, as per the agreement. *See* discussion *infra*.

Inc., sole, exclusive, and open-ended publication rights in the collection of stories *The Long Valley*, including all thirteen short stories contained therein. By its terms, the 1938 Agreement "supersede[d] all previous agreements made between The Viking Press, Inc. and John Steinbeck," and also applied to "all the previously published books of John Steinbeck," namely: *Cup of Gold*; *The Pastures of Heaven*; *To A God Unknown*; *Tortilla Flat*; *In Dubious Battle*; *Of Mice and Men*; *Of Mice and Men* (Play); *The Red Pony*, and the three stories included therein.[17] Four additional works by Steinbeck were added to the 1938 Agreement by way of its option clause, including *The Grapes of Wrath*, the latest of the works at issue here, in 1939. This agreement provided for ongoing royalties based on net sales, and was periodically amended. Author Steinbeck renewed the copyrights in each of the ten works in question during his lifetime, and when he died in 1968, he bequeathed the copyrights in these early works to his widow Elaine. In 1994, Elaine entered into a "new agreement for continued publication" with Penguin as "Publisher" for these early works, which granted Penguin no more nor less rights than Penguin already had and was exercising under the original 1938 Agreement, although at increased cost to Penguin.[18]

On or about June 13, 2004, Thom and Blake served on Penguin a Notice of Termination, purporting to

---

[17] The Viking Press, Inc. Agreement, ¶ 13A (Sept. 12, 1938).

[18] Elaine simultaneously entered into a similar agreement with Penguin for the late works on behalf of herself and Thom (who subsequently ratified the agreement on December 22, 1994), but this second 1994 Agreement is not relevant here, although it raises questions of motive.

terminate Steinbeck's grants under the 1938 Agreement pursuant to Section 304(d). Penguin and the defendants in the *Steinbeck* action contend that said notice is invalid as a matter of law, because widow Elaine's 1994 Agreement, by its express terms, "cancel[s] and supercede[s] the previous agreements, as amended, for the Works,"[19] which effectively transforms Steinbeck's pre-1978 grant into a "new" grant of copyright, executed *on or after January 1, 1978*, and as such, is not subject to termination under Section 304. 17 U.S.C. § 304(c), (d).

I conclude that this argument fails. The 1938 Agreement was author Steinbeck's exclusive grant of publication rights to Penguin's predecessor of certain of his early works, so they unquestionably were within the terms of the subsequently-enacted termination statute.[20] Elaine's 1994 identical grant to Penguin explicitly carries forward possible future termination under the statute, reading: "If Elaine Steinbeck exercises her right to terminate grants made to Publisher in this agreement (in accordance with Section 304(c) of Title 17 of the U.S.Code) . . ." *See* Penguin USA, Contract For Steinbeck titles, p. 13, ¶ 9A, *Termination Under U.S. Law* (Oct. 24, 1994).[21] The

---

[19] Penguin USA, Contract For Steinbeck titles, p. 10, ¶ 19, *Termination of Previous Agreements* (Oct. 24, 1994).

[20] Indeed, this grant of publication rights is terminable because it is a "copyright subsisting in either its first or renewal term on January 1, 1978, . . . [and is] the exclusive . . . grant of a transfer or license of the renewal copyright *or any right under it*, executed before January 1, 1978, by [the living author of such work], otherwise than by will [here, by contract] . . ." 17 U.S.C. § 304(c) (emphasis added).

[21] Section 304(d) was enacted four years after the contract was entered into, but remains no less applicable, as it simply

contention that the 1994 Agreement extinguished the very termination right that it expressly acknowledges both exists and flows from the 1930s copyrights necessarily fails. At no point did Penguin lose or gain any rights other than those originally granted to it under the 1938 Agreement.[22] Furthermore, to the extent that the 1994 Agreement would strip Thom and Blake – at the time, owners of one-half of the future termination interest, but on Elaine's death, full owners – of their inalienable termination rights in the pre-1978 grants, it is void as an "agreement to the contrary" pursuant to 17 U.S.C. § 304(c)(5).[23]

---

expanded the opportunity for authors or their statutory heirs to execute their termination rights.

[22] By its terms, absent a default, the agreement was to continue for as long as the publishers keep the works "in print and for sale." The Viking Press, Inc. Agreement, ¶ 12A, *Termination of this agreement* (Sept. 12, 1938). Elaine did not inherit any interest in the book publishing rights Steinbeck granted to Penguin in 1938, because Steinbeck did not own those rights when he died. Rather, Penguin was the owner of said rights pursuant to the 1938 Agreement, and Steinbeck had only a contractual right to receive monies pursuant to that agreement. Elaine inherited only that contractual revenue scheme – she had no "copyright" interest to convey to Penguin by the 1994 Agreement, and Penguin had no need to enter into an agreement with Elaine to maintain its book publishing right (except, of course, to possibly avoid the exercise of federal termination rights – or a lawsuit).

[23] The 1994 Agreement does not purport to transfer Elaine's or anyone else's termination rights under Section 304, nor does it require Elaine or anyone else to refrain from exercising such rights, as any such contractual language that purports to affect inalienable termination interest would run afoul of black-letter copyright law. Rather, the copyright interests purportedly granted by the document were granted *subject* to those very same rights. The whole of ¶ 9A *expressly preserves* Section 304

Accordingly, I consider the Penguin termination notice both valid and effective.

The Wayward Bus Termination Notice

In 2004, Thom and Blake, now having between them 100% of the termination rights, sought to terminate author Steinbeck's 1949 grants of *The Wayward Bus* for "all motion picture rights, limited publication rights, radio rights, film, television, and commercial tie-up rights" that had been transferred to Twentieth Century Fox or its predecessors by John Steinbeck pursuant to agreements in 1949. Defendants argue that this termination notice is of no effect because author Steinbeck died before the copyright in this work entered its renewal term, and thus, the renewal copyright automatically went to his next of kin pursuant to Section 304(a).[24]

---

termination rights (at least with respect to Elaine, who, at the time, owned one-half), acknowledges that such rights (which had not yet been exercised) *could* be exercised in the future, and accordingly, contains detailed provisions about what would happen if (i) such termination rights were indeed exercised; and (ii) the copyright interests in Steinbeck Works were not subsequently re-granted to Penguin. Neither Thom nor Blake was a party to the 1994 Agreement, and they have never contractually transferred their termination rights to Penguin nor agreed to forego their termination rights. Any interpretation of the 1994 Agreement having the effect of disinheriting the statutory heirs to the termination interest – Thom and Blake – in favor of Elaine's heirs must be set aside as contrary to the very purpose of the termination statute, which protects children and grandchildren, and not just widows. *See, e.g.*, 3-11 NIMMER ON COPYRIGHT § 11.07, n. 29.

[24] 17 U.S.C.A. § 304(a)(1)(C), in relevant part, states that "the widow . . . or children of the author, if the author is not living . . . shall be entitled to a renewal and extension of the copyright in such work for a further term . . ."

As observed earlier, in *Stewart v. Abend*, 495 U.S. 207, 219-20, 110 S.Ct. 1750, 109 L.Ed.2d 184 (1990), the United States Supreme Court recognized that a renewal copyright represents a new estate free and clear of all rights, interests or licenses granted under the original copyright. *Id.* at 219, 110 S.Ct. 1750. Accordingly, the Court stated that "[i]f the author dies before [the renewal right vests], the next of kin obtain the renewal copyright free of any claim founded upon an assignment made by the author in his lifetime. These results follow not because the author's assignment is invalid but because he had only an expectancy to assign [in the renewal copyright]; and his death, prior to the renewal period, terminates his interest in the renewal [term] . . ." – which then vests in the statutorily named classes. *Id.* (internal citations omitted).

The renewal copyright for *The Wayward Bus* came into effect in 1975. Because John Steinbeck died in 1968 – seven years *before* the renewal period would commence for this work – the renewal copyright never vested in the grantee (Twentieth Century Fox) and, therefore, the author's then-living statutory heir, Elaine, inherited those rights free of the previous assignment by the author pursuant to Section 304(a)(1)(C). *See Abend*, 495 U.S. at 219, 110 S.Ct. 1750; *Morris*, 73 F. Supp. 2d at 371-72. Consequently, Twentieth Century Fox had in 2004 no interest in the renewal copyright today, and accordingly, there was nothing there for Thom and Blake to terminate in 2004 and the notice was a nullity.

The Cannery Row Termination Notice

On or about May 17, 2004,[25] Thom and Blake served a notice of termination of the grant for Steinbeck's *Cannery Row* pursuant to Section 304(c) for "all motion picture, radio, and television rights" to Rogers & Hammerstein and MGM in or before 1956 by author Steinbeck. Defendants assert a number of reasons this notice is invalid. I need address only the fact that this identical to *The Wayward Bus* termination, immediately above.[26]

Author Steinbeck registered *Cannery Row* for copyright protection in 1945, and so, the original term of copyright ended in 1973. As John Steinbeck died five years prior to the copyright entering its renewal term, his statutory heir, Elaine, automatically received the renewal copyright. *See Wayward Bus* Termination Notice discussion, *supra*. Thus, neither Rogers & Hammerstein nor MGM possessed any interest in the renewal copyright for Thom and Blake to terminate, so this notice was a nullity.

The Long Valley and The Red Pony Termination Notices

In 2004, Thom and Blake, served a notice of termination on Paramount Pictures Corporation, pertaining to a grant of motion picture, radio, and limited publication rights, in Steinbeck's *The Long Valley* and the collection of stories included therein that Para-

---

[25] An amended notice was issued on or about June 13, 2004.

[26] Rogers & Hammerstein had transferred the rights it received in or before 1956 to Cannery Row Productions, Inc. by short form option agreement after 1978, and Thom and Blake also served the successor to that transfer with this termination notice. The fact that a copyright grantee made a subsequent post-1978 transfer of rights it acquired pre-1978 does not insulate such from termination. *See Morris*, *supra*.

mount's predecessor had received from author Steinbeck pursuant to three agreements in 1946, 1947, and 1949. Simultaneously, Thom and Blake issued a separate but virtually identical termination notice for *The Red Pony* and all stories contained therein, granted to Paramount pursuant to the same contracts.[27] The defendants contest the validity of these two nearly identical notices of termination on the grounds that, under a 1983 Settlement Agreement between Elaine, Thom and Blake's father John IV, Thom and Blake have no existing grants which they can address to terminate.[28] Defendants early asserted that discovery was needed on the agreements which Thom and Blake purport to terminate, and until that time, they wish to reserve their right to contest the validity of these notices, but the trouble-

---

[27] John Steinbeck had renewed the copyrights in each of these works during his lifetime, *see supra* n. 12, and the grants he made to Paramount appear to meet the termination requirements of the statute.

[28] After a scuffle in court, *Steinbeck v. Steinbeck*, No. 81 Civ. 6105 (S.D.N.Y. Dec. 8, 1982), Thom, John IV and Elaine entered into a settlement agreement in 1983, pursuant to which Thom, John IV, and Elaine would share equally in the royalties from author Steinbeck's late works – one-third, one-third, one-third – in return for which Elaine was granted exclusive control over the copyrighted works, including the power and authority to execute contracts in their name. Disturbingly, the settlement agreement also purported to grant Elaine the exclusive right to exercise Thom and John IV's termination rights over the Steinbeck works. Paragraph 5 of the settlement agreement, in particular, is statutorily prohibited, stating: "Elaine Steinbeck and/or her agent shall have the complete power and authority to negotiate, authorize and take action with respect to the exploitation and/or termination of rights in the works of John Steinbeck which John Steinbeck IV and Thom Steinbeck have or will have renewal or termination rights."

some question is why discovery was not timely sought *here*.

So the record remains that, other than this bland conclusory assertion (without sufficient justification)[29] that discovery is needed, defendants are silent on their principal argument that the said 1983 Settlement Agreement invalidated all of the notices of termination which are the subject of the present motion,[30] which I therefore deem to be an abandonment of defendants' counterclaims regarding these two notices. *See Jessamy v. City of New Rochelle*, 292 F. Supp. 2d 498, 515 n.21 (S.D.N.Y. 2003). Summary judgment on the validity of these notices as a matter of law is granted.

So Ordered.

---

[29] At the hearing before me on May 11, 2005, counsel for the defendants stated, for the first time, that the two notices at issue "relate to motion picture rights with respect to a licensee who the, during John Steinbeck's lifetime in a foreclosure action, had those rights transferred . . . So it is not at all clear to us, first of all, whether there is anything to terminate, because after a bankruptcy during the course of John Steinbeck's lifetime it's not at all clear whether anything still exists. It would appear that it may be the motion picture rights at issue are actually derivative works, which would essentially take them out of and have different meanings with respect to the termination provisions." Hr'g Tr. 17 (May 11, 2005). The record before me does not support this contention.

[30] If this theory is meant to suggest that the terms of the 1983 Settlement Agreement void all of Thom's and Blake's termination rights – that Elaine successfully contracted away the rights of these statutory heirs when she settled litigation with them – it is barred by the plain language of 17 U.S.C. § 304(c)(5) and (d)(1). Any portion of the settlement agreement which limits or extinguishes Thom's and Blake's statutory termination rights is invalidated as a statutorily-prohibited "agreement to the contrary." *See, e.g., Marvel*, 310 F.3d at 290-91; *Morris*, 73 F. Supp. 2d at 373-77.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

04 CV 5497 (GBD)

THOMAS STEINBECK, AN INDIVIDUAL; AND BLAKE SMYLE, AN INDIVIDUAL,
Plaintiffs and Counterclaim Defendants,

NANCY STEINBECK,
Intervenor-Plaintiff,

v.

MCINTOSH & OTIS, INC., A NEW YORK CORPORATION; THE STEINBECK HERITAGE FOUNDATION, A NON-PROFIT NEW YORK CORPORATION; EUGENE H. WINICK, AN INDIVIDUAL; SAMUEL PINKUS, AN INDIVIDUAL; JEAN ANDERSON BOONE, AN INDIVIDUAL; FRANCIS ANDERSON ATKINSON, AN INDIVIDUAL; WAVERLY SCOTT KAFFAGA, AN INDIVIDUAL AND EXECUTOR OF THE ESTATE OF ELAINE ANDERSON STEINBECK; DAVID SCOTT FARBER, AN INDIVIDUAL; ANDERSON FARBER RUNKLE, AN INDIVIDUAL; JEBEL KAFFAGA, AN INDIVIDUAL; BAHAR KAFFAGA, AN INDIVIDUAL; AND STEVEN FRUSHTICK, AN INDIVIDUAL; AND DOES 1-10,
Defendants and Counterclaim Plaintiffs.

[Dec. 4, 2009]

ORDER AND JUDGMENT DISMISSING INTERVENOR COMPLAINT

GEORGE B. DANIELS, District Judge:

For the reasons stated in this Court's Memorandum Decision and Order dated March 31, 2009, Count One of intervenor Nancy Steinbeck's complaint (Breach of Fiduciary Duty Arising from Copyright Termination Privileges) is dismissed; and

Consistent with the position stated by counsel for Nancy Steinbeck in Court, on December 2, 2009, indicating that she has no intention to further pursue any claims in this case before this Court, and the Stipulation of dismissal executed by all other parties, Count Two (Breach of Fiduciary Duty Arising from Improper Withholding of Moneys Due and Owing) and Count Three (Breach of Fiduciary Duty Arising from Failure to Meet Professional Standard of Care) are dismissed.

Judgment shall be entered by the Clerk of this Court dismissing the intervenor complaint.

Dated: New York, New York
December 4, 2009

SO ORDERED:
/s/ GEORGE B. DANIELS
GEORGE B. DANIELS
United States District Judge

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

04 CV 6795 (GBD)

PENGUIN GROUP (USA), INC.,
Plaintiff,

v.

THOMAS STEINBECK, ET AL.,
Defendants.

[filed Apr. 23, 2009]

ORDER

GEORGE B. DANIELS, District Judge:

The United States Court of Appeals for the Second Circuit, reversing the ruling of the district court, concluded that "the 2004 notice of termination," given to Penguin Group (USA) Inc. ("Penguin") by Plaintiffs Thomas Steinbeck and Blake Smyle, is ineffective.

In accordance with the mandate of the Second Circuit, the Court declares that the defendants' notice of termination is not enforceable, and Penguin's rights in the works did not terminate thereunder.

Dated: New York, New York
April 22, 2009

SO ORDERED:
/s/ GEORGE B. DANIELS
GEORGE B. DANIELS
United States District Judge

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

THURGOOD MARSHALL U.S. COURTHOUSE
40 FOLEY SQUARE, NEW YORK, N.Y. 10007

Dennis Jacobs
CHIEF JUDGE

Catherine O'Hagan Wolfe
CLERK OF COURT

At a stated term of the United States Court of Appeals for the Second Circuit, held at the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, in the City of New York, on the 16th day of October two thousand and eight,

---

ORDER

Nos. 06-3226-cv (Lead)
06-3696-cv (Con)

PENGUIN GROUP (USA) INC.,
Plaintiff-Appellant,

WAVERLY SCOTT KAFFAGA, INDIVIDUALLY AS EXECUTOR OF THE ESTATE ELAINE ANDERSON STEINBECK; DAVID SCOTT FARBER, ANDERSON FARBER RUNKLE, JEBEL KAFFAGA, BAHAR KAFFAGA AND JEAN ANERSON BOONE,
Defendants-Counterclaim-Plaintiffs-Appellants,

v.

THOMAS STEINBECK AND BLAKE SMYLE,
Plaintiffs-Counterclaim-Defendants-Appellees,

NANCY STEINBECK,
Intervenor-Plaintiff,

McIntosh & Otis, Inc., The Steinbeck Heritage Foundation, Eugene H. Winick, Samuel Pinkus and Steven Frushtick,
Defendants-Counterclaim-Plaintiffs,

Francis Anderson Atkinson and Does 1-10,
Defendants.

[filed Oct. 16, 2008]

Plaintiffs-Counterclaim-Defendants-Appellees Thomas Steinbeck and Blake Smyle having filed a petition for panel rehearing, or, in the alternative, for rehearing *en banc*, and the panel that determined the appeal having considered the request for panel rehearing, and the active members of the Court having considered the request for rehearing *en banc*,

IT IS HEREBY ORDERED that the petition is denied.

FOR THE COURT:
Catherine O'Hagan Wolfe, Clerk
By: /s/ Frank Perez
Frank Perez, Deputy Clerk

STATUTORY PROVISIONS INVOLVED

1. 17 U.S.C. § 203 provides:

§ 203. Termination of transfers and licenses granted by the author

(a) Conditions for Termination.—In the case of any work other than a work made for hire, the exclusive or nonexclusive grant of a transfer or license of copyright or of any right under a copyright, executed by the author on or after January 1, 1978, otherwise than by will, is subject to termination under the following conditions:

(1) In the case of a grant executed by one author, termination of the grant may be effected by that author or, if the author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest. In the case of a grant executed by two or more authors of a joint work, termination of the grant may be effected by a majority of the authors who executed it; if any of such authors is dead, the termination interest of any such author may be exercised as a unit by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's interest.

(2) Where an author is dead, his or her termination interest is owned, and may be exercised, as follows:

(A) The widow or widower owns the author's entire termination interest unless there are any surviving children or grandchildren of the author,

in which case the widow or widower owns one-half of the author's interest.

(B) The author's surviving children, and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case the ownership of one-half of the author's interest is divided among them.

(C) The rights of the author's children and grandchildren are in all cases divided among them and exercised on a per stirpes basis according to the number of such author's children represented; the share of the children of a dead child in a termination interest can be exercised only by the action of a majority of them.

(D) In the event that the author's widow or widower, children, and grandchildren are not living, the author's executor, administrator, personal representative, or trustee shall own the author's entire termination interest.

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant; or, if the grant covers the right of publication of the work, the period begins at the end of thirty-five years from the date of publication of the work under the grant or at the end of forty years from the date of execution of the grant, whichever term ends earlier.

(4) The termination shall be effected by serving an advance notice in writing, signed by the number and proportion of owners of termination interests required under clauses (1) and (2) of this subsec-

tion, or by their duly authorized agents, upon the grantee or the grantee's successor in title.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.

(B) The notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation.

(5) Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

(b) Effect of Termination.—Upon the effective date of termination, all rights under this title that were covered by the terminated grants revert to the author, authors, and other persons owning termination interests under clauses (1) and (2) of subsection (a), including those owners who did not join in signing the notice of termination under clause (4) of subsection (a), but with the following limitations:

(1) A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

(2) The future rights that will revert upon termination of the grant become vested on the date the notice of termination has been served as provided by clause (4) of subsection (a). The rights vest in the author, authors, and other persons named in, and in the proportionate shares provided by, clauses (1) and (2) of subsection (a).

(3) Subject to the provisions of clause (4) of this subsection, a further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is signed by the same number and proportion of the owners, in whom the right has vested under clause (2) of this subsection, as are required to terminate the grant under clauses (1) and (2) of subsection (a). Such further grant or agreement is effective with respect to all of the persons in whom the right it covers has vested under clause (2) of this subsection, including those who did not join in signing it. If any person dies after rights under a terminated grant have vested in him or her, that person's legal representatives, legatees, or heirs at law represent him or her for purposes of this clause.

(4) A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination. As an exception, however, an agreement for such a further grant may be made between the persons provided by clause (3) of this subsection and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of subsection (a).

(5) Termination of a grant under this section affects only those rights covered by the grants that

arise under this title, and in no way affects rights arising under any other Federal, State, or foreign laws.

(6) Unless and until termination is effected under this section, the grant, if it does not provide otherwise, continues in effect for the term of copyright provided by this title.

2. 17 U.S.C. § 302 provides:

§ 302. Duration of copyright: Works created on or after January 1, 1978

(a) In General.—Copyright in a work created on or after January 1, 1978, subsists from its creation and, except as provided by the following subsections, endures for a term consisting of the life of the author and 70 years after the author's death.

(b) Joint Works.—In the case of a joint work prepared by two or more authors who did not work for hire, the copyright endures for a term consisting of the life of the last surviving author and 70 years after such last surviving author's death.

(c) Anonymous Works, Pseudonymous Works, and Works Made for Hire.—In the case of an anonymous work, a pseudonymous work, or a work made for hire, the copyright endures for a term of 95 years from the year of its first publication, or a term of 120 years from the year of its creation, whichever expires first. If, before the end of such term, the identity of one or more of the authors of an anonymous or pseudonymous work is revealed in the records of a registration made for that work under subsections (a) or (d) of section 408, or in the records

provided by this subsection, the copyright in the work endures for the term specified by subsection (a) or (b), based on the life of the author or authors whose identity has been revealed. Any person having an interest in the copyright in an anonymous or pseudonymous work may at any time record, in records to be maintained by the Copyright Office for that purpose, a statement identifying one or more authors of the work; the statement shall also identify the person filing it, the nature of that person's interest, the source of the information recorded, and the particular work affected, and shall comply in form and content with requirements that the Register of Copyrights shall prescribe by regulation.

(d) Records Relating to Death of Authors.—Any person having an interest in a copyright may at any time record in the Copyright Office a statement of the date of death of the author of the copyrighted work, or a statement that the author is still living on a particular date. The statement shall identify the person filing it, the nature of that person's interest, and the source of the information recorded, and shall comply in form and content with requirements that the Register of Copyrights shall prescribe by regulation. The Register shall maintain current records of information relating to the death of authors of copyrighted works, based on such recorded statements and, to the extent the Register considers practicable, on data contained in any of the records of the Copyright Office or in other reference sources.

(e) Presumption as to Author's Death.—After a period of 95 years from the year of first publication of a work, or a period of 120 years from the year of its creation, whichever expires first, any person who obtains from the Copyright Office a certified report

that the records provided by subsection (d) disclose nothing to indicate that the author of the work is living, or died less than 70 years before, is entitled to the benefit of a presumption that the author has been dead for at least 70 years. Reliance in good faith upon this presumption shall be a complete defense to any action for infringement under this title.

3. 17 U.S.C. § 304 provides:

§ 304. Duration of copyright: Subsisting copyrights

(a) Copyrights in Their First Term on January 1, 1978.—(1)(A) Any copyright, the first term of which is subsisting on January 1, 1978, shall endure for 28 years from the date it was originally secured.

(B) In the case of—

(i) any posthumous work or of any periodical, cyclopedic, or other composite work upon which the copyright was originally secured by the proprietor thereof, or

(ii) any work copyrighted by a corporate body (otherwise than as assignee or licensee of the individual author) or by an employer for whom such work is made for hire,

the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of 67 years.

(C) In the case of any other copyrighted work, including a contribution by an individual author to a

periodical or to a cyclopedic or other composite work—

(i) the author of such work, if the author is still living,

(ii) the widow, widower, or children of the author, if the author is not living,

(iii) the author's executors, if such author, widow, widower, or children are not living, or

(iv) the author's next of kin, in the absence of a will of the author,

shall be entitled to a renewal and extension of the copyright in such work for a further term of 67 years.

(2)(A) At the expiration of the original term of copyright in a work specified in paragraph (1)(B) of this subsection, the copyright shall endure for a renewed and extended further term of 67 years, which—

(i) if an application to register a claim to such further term has been made to the Copyright Office within 1 year before the expiration of the original term of copyright, and the claim is registered, shall vest, upon the beginning of such further term, in the proprietor of the copyright who is entitled to claim the renewal of copyright at the time the application is made; or

(ii) if no such application is made or the claim pursuant to such application is not registered, shall vest, upon the beginning of such further term, in the person or entity that was the proprietor of the copyright as of the last day of the original term of copyright.

(B) At the expiration of the original term of copyright in a work specified in paragraph (1)(C) of this subsection, the copyright shall endure for a renewed and extended further term of 67 years, which—

(i) if an application to register a claim to such further term has been made to the Copyright Office within 1 year before the expiration of the original term of copyright, and the claim is registered, shall vest, upon the beginning of such further term, in any person who is entitled under paragraph (1)(C) to the renewal and extension of the copyright at the time the application is made; or

(ii) if no such application is made or the claim pursuant to such application is not registered, shall vest, upon the beginning of such further term, in any person entitled under paragraph (1)(C), as of the last day of the original term of copyright, to the renewal and extension of the copyright.

(3)(A) An application to register a claim to the renewed and extended term of copyright in a work may be made to the Copyright Office—

(i) within 1 year before the expiration of the original term of copyright by any person entitled under paragraph (1)(B) or (C) to such further term of 67 years; and

(ii) at any time during the renewed and extended term by any person in whom such further term vested, under paragraph (2)(A) or (B), or by any successor or assign of such person, if the application is made in the name of such person.

(B) Such an application is not a condition of the renewal and extension of the copyright in a work for a further term of 67 years.

(4)(A) If an application to register a claim to the renewed and extended term of copyright in a work is not made within 1 year before the expiration of the original term of copyright in a work, or if the claim pursuant to such application is not registered, then a derivative work prepared under authority of a grant of a transfer or license of the copyright that is made before the expiration of the original term of copyright may continue to be used under the terms of the grant during the renewed and extended term of copyright without infringing the copyright, except that such use does not extend to the preparation during such renewed and extended term of other derivative works based upon the copyrighted work covered by such grant.

(B) If an application to register a claim to the renewed and extended term of copyright in a work is made within 1 year before its expiration, and the claim is registered, the certificate of such registration shall constitute prima facie evidence as to the validity of the copyright during its renewed and extended term and of the facts stated in the certificate. The evidentiary weight to be accorded the certificates of a registration of a renewed and extended term of copyright made after the end of that 1-year period shall be within the discretion of the court.

(b) Copyrights in Their Renewal Term at the Time of the Effective Date of the Sonny Bono Copyright Term Extension Act.—Any copyright still in its renewal term at the time that the Sonny Bono Copyright Term Extension Act becomes effective shall have a copyright term of 95 years from the date copyright was originally secured.

(c) Termination of Transfers and Licenses Covering Extended Renewal Term. In the case

of any copyright subsisting in either its first or renewal term on January 1, 1978, other than a copyright in a work made for hire, the exclusive or nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978, by any of the persons designated by subsection (a)(1)(C) of this section, otherwise than by will, is subject to termination under the following conditions:

(1) In the case of a grant executed by a person or persons other than the author, termination of the grant may be effected by the surviving person or persons who executed it. In the case of a grant executed by one or more of the authors of the work, termination of the grant may be effected, to the extent of a particular author's share in the ownership of the renewal copyright, by the author who executed it or, if such author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest.

(2) Where an author is dead, his or her termination interest is owned, and may be exercised, as follows:

(A) The widow or widower owns the author's entire termination interest unless there are any surviving children or grandchildren of the author, in which case the widow or widower owns one-half of the author's interest.

(B) The author's surviving children, and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case

the ownership of one-half of the author's interest is divided among them.

(C) The rights of the author's children and grandchildren are in all cases divided among them and exercised on a per stirpes basis according to the number of such author's children represented; the share of the children of a dead child in a termination interest can be exercised only by the action of a majority of them.

(D) In the event that the author's widow or widower, children, and grandchildren are not living, the author's executor, administrator, personal representative, or trustee shall own the author's entire termination interest.

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later.

(4) The termination shall be effected by serving an advance notice in writing upon the grantee or the grantee's successor in title. In the case of a grant executed by a person or persons other than the author, the notice shall be signed by all of those entitled to terminate the grant under clause (1) of this subsection, or by their duly authorized agents. In the case of a grant executed by one or more of the authors of the work, the notice as to any one author's share shall be signed by that author or his or her duly authorized agent or, if that author is dead, by the number and proportion of the owners of his or her termination interest required under clauses (1) and (2) of this subsection, or by their duly authorized agents.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, or, in the case of a termination under subsection (d), within the five-year period specified by subsection (d)(2), and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.

(B) The notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation.

(5) Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

(6) In the case of a grant executed by a person or persons other than the author, all rights under this title that were covered by the terminated grant revert, upon the effective date of termination, to all of those entitled to terminate the grant under clause (1) of this subsection. In the case of a grant executed by one or more of the authors of the work, all of a particular author's rights under this title that were covered by the terminated grant revert, upon the effective date of termination, to that author or, if that author is dead, to the persons owning his or her termination interest under clause (2) of this subsection, including those owners who did not join in signing the notice of termination under clause (4) of this subsection. In all

cases the reversion of rights is subject to the following limitations:

(A) A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

(B) The future rights that will revert upon termination of the grant become vested on the date the notice of termination has been served as provided by clause (4) of this subsection.

(C) Where the author's rights revert to two or more persons under clause (2) of this subsection, they shall vest in those persons in the proportionate shares provided by that clause. In such a case, and subject to the provisions of subclause (D) of this clause, a further grant, or agreement to make a further grant, of a particular author's share with respect to any right covered by a terminated grant is valid only if it is signed by the same number and proportion of the owners, in whom the right has vested under this clause, as are required to terminate the grant under clause (2) of this subsection. Such further grant or agreement is effective with respect to all of the persons in whom the right it covers has vested under this subclause, including those who did not join in signing it. If any person dies after rights under a terminated grant have vested in him or her, that person's legal representatives, legatees, or heirs at law represent him or her for purposes of this subclause.

(D) A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination. As an exception, however, an agreement for such a further grant may be made between the author or any of the persons provided by the first sentence of clause (6) of this subsection, or between the persons provided by subclause (C) of this clause, and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of this subsection.

(E) Termination of a grant under this subsection affects only those rights covered by the grant that arise under this title, and in no way affects rights arising under any other Federal, State, or foreign laws.

(F) Unless and until termination is effected under this subsection, the grant, if it does not provide otherwise, continues in effect for the remainder of the extended renewal term.

(d) Termination Rights Provided in Subsection (c) Which Have Expired on or Before the Effective Date of the Sonny Bono Copyright Term Extension Act.—In the case of any copyright other than a work made for hire, subsisting in its renewal term on the effective date of the Sonny Bono Copyright Term Extension Act for which the termination right provided in subsection (c) has expired by such date, where the author or owner of the termination right has not previously exercised such termination right, the exclusive or nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978, by

any of the persons designated in subsection (a)(1)(C) of this section, other than by will, is subject to termination under the following conditions:

(1) The conditions specified in subsections (c)(1), (2), (4), (5), and (6) of this section apply to terminations of the last 20 years of copyright term as provided by the amendments made by the Sonny Bono Copyright Term Extension Act.

(2) Termination of the grant may be effected at any time during a period of 5 years beginning at the end of 75 years from the date copyright was originally secured.

[Counsel Names/Address Omitted]

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

No. 04 CIV. 5497 (RO)

THOMAS STEINBECK, AN INDIVIDUAL; AND BLAKE SMYLE, AN INDIVIDUAL,
Plaintiffs and Counterclaim Defendants,

v.

MCINTOSH & OTIS, INC., A NEW YORK CORPORATION; THE STEINBECK HERITAGE FOUNDATION, A NON-PROFIT NEW YORK CORPORATION; EUGENE H. WINICK, AN INDIVIDUAL; SAMUEL PINKUS, AN INDIVIDUAL; JEAN ANDERSON BOONE, AN INDIVIDUAL; FRANCIS ANDERSON ATKINSON, AN INDIVIDUAL; WAVERLY SCOTT KAFFAGA, AN INDIVIDUAL AND EXECUTOR OF THE ESTATE OF ELAINE ANDERSON STEINBECK; DAVID SCOTT FARBER, AN INDIVIDUAL; ANDERSON FARBER RUNKLE, AN INDIVIDUAL; JEBEL KAFFAGA, AN INDIVIDUAL; BAHAR KAFFAGA, AN INDIVIDUAL; AND STEVEN FRUSHTICK, AN INDIVIDUAL; AND DOES 1-10,
Defendants and Counterclaim Plaintiffs.

ANSWER, AFFIRMATIVE DEFENSES AND COUNTERCLAIMS OF DEFENDANT AND COUNTERCLAIM PLAINTIFF JEAN ANDERSON BOONE

Defendant and Counterclaim Plaintiff Jean Anderson Boone ("Jean"), through her attorneys Pillsbury Winthrop LLP, respectfully submits this answer,

affirmative defenses, and counterclaims in response to the Complaint filed by Thomas Steinbeck ("Thomas") and Blake Smyle ("Blake").

* * * * *

SECOND CLAIM FOR DECLARATORY RELIEF
pursuant to 28 U.S.C. § 2201(a)
Validity of Termination Notices

87. Defendant and Counterclaim Plaintiff Jean incorporates herein by reference all of the allegations and averments contained in Paragraphs 1 through 86 of these counterclaims.

88. An actual controversy now exists with respect to the validity of the foregoing Notices of Termination and their effect on the rights and obligations of the Defendant and Counterclaim Plaintiff, as well as the third parties to whom notice has been given, thus requiring the interpretation and application of the United States copyright law.

89. Accordingly, by this action, Jean seeks a judgment pursuant to 28 U.S.C. § 2201 declaring the Notices of Termination to be invalid and of no legal force and effect.

90. Jean avers that John Steinbeck's Will bequeathed all his rights in the copyrights to The John Steinbeck Works to his widow, Elaine Steinbeck. With respect to the Early Steinbeck Works, Elaine Steinbeck is the rightful owner of the entire copyright interest attributed to those works as those interests passed by Will.

91. Jean avers that all five Notices of Termination are invalid because issues related to the copyrights of John Steinbeck are the subject of the 1983 Settlement Agreement.

92. Jean avers that the First and Second Notices of Termination are further invalid because termination rights can only be effected against transfers of renewal interests that actually *vested* in the grantee. *See Stewart v. Abend*, 495 U.S. 207 (1990). As John Steinbeck died before the renewal period of many of his works (the Late Steinbeck Works), any Notice of Termination seeking to terminate agreements involving works that John Steinbeck was unable to renew has, in fact, nothing to terminate.

93. Jean avers aver that the Second and Fifth Notices of Termination are further invalid because the express provisions of 17 U.S.C. § 304 provide that no rights in contracts executed after January 1, 1978 can be terminated. Any Notice of Termination thus seeking to terminate rights governed by contracts executed post January 1, 1978 is invalid. Here, any publishing agreements entered into by John Steinbeck with Viking Penguin prior to 1948 were fully replaced by the agreements negotiated in 1994 covering all of The John Steinbeck Works. There are no pre-1978 agreements with Viking for publishing in existence that can be terminated under the provisions of the 1976 Copyright Act. These notices are, therefore, invalid.

* * * * *

PRAYER FOR RELIEF

WHEREFORE, Defendant and Counterclaim Plaintiff Jean Anderson Boone demands judgment against Plaintiffs and Counterclaim Defendants as follows:

(1) Dismissing the Complaint by Thomas Steinbeck and Blake Smyle with prejudice and denying each and every request for relief set forth therein;

(2) On Defendant and Counterclaim Plaintiff's counterclaims, awarding the Declaratory Relief sought therein, namely:

a. A declaration that the 1983 Settlement Agreement governs the respective rights of the parties with respect to issues related to copyrights and distribution of royalties from John Steinbeck's works and therefore, the 1983 Settlement Agreement is dispositive of Plaintiffs' complaint;

b. A declaration that all five Notices of Termination issued by Thomas Steinbeck and Blake Smyle are invalid. Accordingly, no contracts or rights have been terminated. The *status quo* remains as it existed prior to the issuance of the five Notices of Termination;

c. A declaration that the Steinbeck Trademarks are owned by the Steinbeck Heritage Foundation; and

d. A declaration that Thomas Steinbeck has no valid trademark claims to the name, likeness, and signature of John Steinbeck.

(3) Granting Defendant and Counterclaim Plaintiff such other and further relief as the Court may deem just and equitable.

Dated: September 30, 2004
New York, New York

PILLSBURY WINTHROP LLP

By: /s/ SUSAN J. KOHLMANN
Susan J. Kohlmann (SK1855)
Carolina A. Fornos (CF 6689)
Nancy V. Thornton (NT 5325)
1540 Broadway
New York, New York 10036
(212) 858-1000
Attorneys for Defendant and Counterclaim Plaintiff Jean Anderson Boone

[Counsel Names/Address Omitted]

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

No. 04 CIV. 5497 (RO)

THOMAS STEINBECK, AN INDIVIDUAL; AND BLAKE SMYLE, AN INDIVIDUAL,
Plaintiffs,
Counterclaim Defendants,

v.

MCINTOSH & OTIS, INC., A NEW YORK CORPORATION; THE STEINBECK HERITAGE FOUNDATION, A NON-PROFIT NEW YORK CORPORATION; EUGENE H. WINICK, AN INDIVIDUAL; SAMUEL PINKUS, AN INDIVIDUAL; JEAN ANDERSON BOONE, AN INDIVIDUAL; FRANCIS ANDERSON ATKINSON, AN INDIVIDUAL; WAVERLY SCOTT KAFFAGA, AN INDIVIDUAL AND EXECUTOR OF THE ESTATE OF ELAINE ANDERSON STEINBECK; DAVID SCOTT FARBER, AN INDIVIDUAL; ANDERSON FARBER RUNKLE, AN INDIVIDUAL; JEBEL KAFFAGA, AN INDIVIDUAL; BAHAR KAFFAGA, AN INDIVIDUAL; AND STEVEN FRUSHTICK, AN INDIVIDUAL; AND DOES 1-10,
Defendants,
Counterclaim Plaintiffs.

ANSWER, AFFIRMATIVE DEFENSES, AND COUNTERCLAIMS OF DEFENDANT AND COUNTERCLAIM PLAINTIFF THE ESTATE OF ELAINE STEINBECK

Defendant and Counterclaim Plaintiff the Estate of Elaine Steinbeck, through its attorneys Pillsbury Winthrop LLP, respectfully submits this answer,

affirmative defenses, and counterclaims in response to the Complaint filed by Thomas Steinbeck ("Thomas") and Blake Smyle ("Blake").

* * * * *

SECOND CLAIM FOR DECLARATORY RELIEF
pursuant to 28 U.S.C. § 2201(a)
Validity of Termination Notices

87. Defendant and Counterclaim Plaintiff The Estate of Elaine Steinbeck incorporates herein by reference all of the allegations and averments contained in Paragraphs 1 through 86 of these counterclaims.

88. An actual controversy now exists with respect to the validity of the foregoing Notices of Termination and their effect on the rights and obligations of the Defendant and Counterclaim Plaintiff, as well as the third parties to whom notice has been given, thus requiring the interpretation and application of the United States copyright law.

89. Accordingly, by this action, The Estate of Elaine Steinbeck seeks a judgment pursuant to 28 U.S.C. § 2201 declaring the Notices of Termination to be invalid and of no legal force and effect.

90. Jean [sic] avers that John Steinbeck's Will bequeathed all his rights in the copyrights to The John Steinbeck Works to his widow, Elaine Steinbeck. With respect to the Early Steinbeck Works, Elaine Steinbeck is the rightful owner of the entire copyright interest attributed to those works as those interests passed by Will.

91. The Estate of Elaine Steinbeck avers that all five Notices of Termination are invalid because issues related to the copyrights of John Steinbeck are the subject of the 1983 Settlement Agreement.

92. The Estate of Elaine Steinbeck avers that the First and Second Notices of Termination are further invalid because termination rights can only be effected against transfers of renewal interests that actually *vested* in the grantee. *See Stewart v. Abend*, 495 U.S. 207 (1990). As John Steinbeck died before the renewal period of many of his works (the Late Steinbeck Works), any Notice of Termination seeking to terminate agreements involving works that John Steinbeck was unable to renew has, in fact, nothing to terminate.

93. The Estate of Elaine Steinbeck avers that the Second and Fifth Notices of Termination are further invalid because the express provisions of 17 U.S.C. § 304 provide that no rights in contracts executed after January 1, 1978 can be terminated. Any Notice of Termination thus seeking to terminate rights governed by contracts executed post January 1, 1978 is invalid. Here, any publishing agreements entered into by John Steinbeck with Viking Penguin prior to 1948 were fully replaced by the agreements negotiated in 1994 covering all of The John Steinbeck Works. There are no pre-1978 agreements with Viking for publishing in existence that can be terminated under the provisions of the 1976 Copyright Act. These notices are, therefore, invalid.

* * * * *

PRAYER FOR RELIEF

WHEREFORE, Defendant and Counterclaim Plaintiff The Estate of Elaine Steinbeck demands judgment against Plaintiffs and Counterclaim Defendants as follows:

(1) Dismissing the Complaint by Thomas Steinbeck and Blake Smyle with prejudice and denying each and every request for relief set forth therein;

(2) On Defendant and Counterclaim Plaintiff's counterclaims, awarding the Declaratory Relief sought therein, namely:

a. A declaration that the 1983 Settlement Agreement governs the respective rights of the parties with respect to issues related to copyrights and distribution of royalties from John Steinbeck's works and therefore, the 1983 Settlement Agreement is dispositive of Plaintiffs' complaint;

b. A declaration that all five Notices of Termination issued by Thomas Steinbeck and Blake Smyle are invalid. Accordingly, no contracts or rights have been terminated. The *status quo* remains as it existed prior to the issuance of the five Notices of Termination;

c. A declaration that the Steinbeck Trademarks are owned by the Steinbeck Heritage Foundation; and

d. A declaration that Thomas Steinbeck has no valid trademark claims to the name, likeness, and signature of John Steinbeck.

(3) Granting Defendant and Counterclaim Plaintiff such other and further relief as the Court may deem just and equitable.

Dated: September 30, 2004
New York, New York

PILLSBURY WINTHROP LLP

By: /s/ SUSAN J. KOHLMANN
Susan J. Kohlmann (SK1855)
Carolina A. Fornos (CF 6689)
Nancy V. Thornton (NT 5325)
1540 Broadway
New York, New York 10036
(212) 858-1000
Attorneys for Defendant and Counterclaim Plaintiff Waverly Scott Kaffaga, as the Executrix of the Estate of Elaine Anderson Steinbeck (the "Estate of Elaine Steinbeck")

[Counsel Names/Address Omitted]

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

No. 04 CIV. 5497 (RO)

THOMAS STEINBECK, AN INDIVIDUAL; AND BLAKE SMYLE, AN INDIVIDUAL,
Plaintiffs,
Counterclaim Defendants,

v.

MCINTOSH & OTIS, INC., A NEW YORK CORPORATION; THE STEINBECK HERITAGE FOUNDATION, A NON-PROFIT NEW YORK CORPORATION; EUGENE H. WINICK, AN INDIVIDUAL; SAMUEL PINKUS, AN INDIVIDUAL; JEAN ANDERSON BOONE, AN INDIVIDUAL; FRANCIS ANDERSON ATKINSON, AN INDIVIDUAL; WAVERLY SCOTT KAFFAGA, AN INDIVIDUAL AND EXECUTOR OF THE ESTATE OF ELAINE ANDERSON STEINBECK; DAVID SCOTT FARBER, AN INDIVIDUAL; ANDERSON FARBER RUNKLE, AN INDIVIDUAL; JEBEL KAFFAGA, AN INDIVIDUAL; BAHAR KAFFAGA, AN INDIVIDUAL; AND STEVEN FRUSHTICK, AN INDIVIDUAL; AND DOES 1-10,
Defendants,
Counterclaim Plaintiffs.

ANSWER, AFFIRMATIVE DEFENSES, AND COUNTERCLAIMS OF DEFENDANTS AND COUNTERCLAIM PLAINTIFFS WAVERLY SCOTT KAFFAGA, DAVID SCOTT FARBER, ANDERSON FARBER, JEBEL KAFFAGA, AND BAHAR KAFFAGA

Defendants and Counterclaim Plaintiffs Waverly Scott Kaffaga, as an individual ("Waverly"), and David Scott Farber, Anderson Farber, Jebel Kaffaga, and Bahar Kaffaga (collectively, "Elaine's grandchildren"), through their attorneys, Pillsbury Winthrop LLP, respectfully submits this answer, affirmative defenses, and counterclaims in response to the Complaint filed by Thomas Steinbeck ("Thomas") and Blake Smyle ("Blake").

* * * * *

SECOND CLAIM FOR DECLARATORY RELIEF
pursuant to 28 U.S.C. § 2201(a)
Validity of Termination Notices

77. Defendants and Counterclaim Plaintiffs Waverly and Elaine's grandchildren incorporate herein by reference all of the allegations and averments contained in Paragraphs 1 through 76 of these counterclaims.

78. An actual controversy now exists with respect to the validity of the foregoing Notices of Termination and their effect on the rights and obligations of the Defendants and Counterclaim Plaintiffs, as well as the third parties to whom notice has been given, thus requiring the interpretation and application of the United States copyright law.

79. Accordingly, by this action, Waverly and Elaine's grandchildren seek a judgment pursuant to 28 U.S.C. § 2201 declaring the Notices of Termination to be invalid and of no legal force and effect.

80. Waverly and Elaine's grandchildren aver that John Steinbeck's Will bequeathed all his rights in the copyrights to The John Steinbeck Works to his widow, Elaine Steinbeck. With respect to the Early Steinbeck Works, Elaine Steinbeck is the rightful

owner of the entire copyright interest attributed to those works as those interests passed by Will.

81. Waverly and Elaine's grandchildren aver that all five Notices of Termination are invalid because issues related to the copyrights of John Steinbeck are the subject of the 1983 Settlement Agreement.

82. Waverly and Elaine's grandchildren aver that the First and Second Notices of Termination are further invalid because termination rights can only be effected against transfers of renewal interests that actually *vested* in the grantee. *See Stewart v. Abend*, 495 U.S. 207 (1990). As John Steinbeck died before the renewal period of many of his works (the Late Steinbeck Works), any Notice of Termination seeking to terminate agreements involving works that John Steinbeck was unable to renew has, in fact, nothing to terminate.

83. Waverly and Elaine's grandchildren aver that the Second and Fifth Notices of Termination are further invalid because the express provisions of 17 U.S.C. § 304 provide that no rights in contracts executed after January 1, 1978 can be terminated. Any Notice of Termination thus seeking to terminate rights governed by contracts executed post January 1, 1978 is invalid. Here, any publishing agreements entered into by John Steinbeck with Viking Penguin prior to 1948 were fully replaced by the agreements negotiated in 1994 covering all of The John Steinbeck Works. There are no pre-1978 agreements with Viking for publishing in existence that can be terminated under the provisions of the 1976 Copyright Act. These notices are, therefore, invalid.

PRAYER FOR RELIEF

WHEREFORE, Defendants and Counterclaim Plaintiffs Waverly and Elaine's grandchildren demand judgment against Plaintiffs and Counterclaim Defendants as follows:

(1) Dismissing the Complaint by Thomas Steinbeck and Blake Smyle with prejudice and denying each and every request for relief set forth therein;

(2) On Defendants' and Counterclaim Plaintiffs' counterclaims, awarding the Declaratory Relief sought therein, namely:

a. A declaration that the 1983 Settlement Agreement governs the respective rights of the parties with respect to issues related to copyrights and distribution of royalties from John Steinbeck's works and therefore, the 1983 Settlement Agreement is dispositive of Plaintiffs' complaint;

b. A declaration that all five Notices of Termination issued by Thomas Steinbeck and Blake Smyle are invalid. Accordingly, no contracts or rights have been terminated. The *status quo* remains as it existed prior to the issuance of the five Notices of Termination;

(3) Granting Defendant and Counterclaim Plaintiff such other and further relief as the Court may deem just and equitable.

Dated: September 30, 2004
New York, New York

PILLSBURY WINTHROP LLP

By: /s/ SUSAN J. KOHLMANN

Susan J. Kohlmann (SK1855)
Carolina A. Fornos (CF 6689)
Nancy V. Thornton (NT 5325)
1540 Broadway
New York, New York 10036
(212) 858-1000
Attorneys for Defendants and Counterclaim Plaintiffs Waverly Kaffaga, as an individual, David Scott Farber, Anderson Farber, Jebel Kaffaga, and Bahar Kaffaga

Agreement

Retu to FILE COPY

Return to CONTRACT FILE

made this twelfth day of September 19 58, by and between JOHN STEINBECK whose address is care of McIntosh & Otis, Inc., 18 East 41st Street, New York, N. Y. the Author and/or Proprietor, party of the first part (hereinafter in either case called the "Author"), and THE VIKING PRESS, INC., of 18 East 48th Street, New York, N. Y., party of the second part (hereinafter called the "Publishers"), respecting a work of fiction at present entitled "THE LONG VALLEY" consisting of short stories

(hereinafter called "Said Work"), whereby it is mutually agreed between the Author and the Publishers as follows:

1244a

PART ONE

Delivery of manuscript

1. The Author agrees to deliver the finished work to the Publishers by (already received) and hereby grants and assigns to the Publishers the sole and exclusive right to publish said work in volume form in the English language in the United States of America and Canada,

Publication rights granted

and also grants to the Publishers such further rights as are specified in Paragraph 5 hereafter. The phrase "in volume form" shall be defined as meaning publication of the work as a whole, or substantially complete, as a unit or at one time.

Agreement to publish

2. The Publishers agree to publish said work in volume form at their own expense, in the style or styles and at the price or prices which they deem best suited to its sale, within six months from the date of receipt of the finished manuscript, but they shall not be responsible for delays caused by strikes, fires, or other circumstances beyond their control.

Copyright

3. The Publishers shall take all steps which may be necessary to take out copyright in the name of John Steinbeck and thereby secure their own rights and those of the Author under the United States Copyright Acts, and shall take out renewals whenever they fall due, if the copyright is in their name; but if the copyright is in the name of the Author, he agrees to take out such renewals.

Payment:

4. The Publishers agree to pay the Author as follows:

regular sales

(a) A royalty of 17½ per cent of the amount which the Publishers charge for all copies sold of said work, less copies returned, with no deduction for cash discounts or bad debts,

up to and including 5,000 copies; 20 per cent on all copies sold over 5,000 and up to 5,000; 25 per cent on all copies sold thereafter,

with the following exceptions:

export and special sales

(b) On all copies sold for export at a reduced price, and on all copies sold in quantities to justify a special discount of 60 per cent or more from the catalog retail price, such as sales to Canada, or sales in bulk to recognized Book Clubs or Reading Circles, a royalty of 10 per cent of the amount which the Publishers charge, as qualified above; but if said work is sold to a recognized Book Club which pays an outright sum for a license to publish said work for distribution to its members or subscribers, the Author shall receive 50 per cent of the amount received by the Publishers;

book club sales

text-book sales

(c) On copies of any text-book edition at a retail price lower than that of the regular trade edition, issued for sales in bulk to educational institutions, a royalty of 10 per cent of the amount which the Publishers charge, as qualified above;

overstock

(d) On copies of overstock which the Publishers, after one year from the first publication of the said work, deem it expedient to sell at "remainder" prices, i.e., at less than one-half the catalog retail price, a royalty of 10 per cent of the amount which the Publishers charge, except that when such copies are sold at or below cost, no royalty shall be paid;

cheap or reprint edition

(e) On all copies sold of any cheap edition which they publish, after one year from the first publication of said work, at a price substantially less than the original retail price, a royalty of 10 per cent of the amount which the Publishers charge, as qualified above; but if the Publishers shall arrange for the publication of such cheap or reprint edition by another publisher, the Author shall receive 50 per cent of the amount received by the Publishers;

4/15/91, 10/4/84 English edition

[redacted]

125a

(f) The Publishers shall pay as an advance against all earnings under this contract the sum of Two Hundred and Fifty Dollars ($250.00) on delivery of the manuscript and the further sum of Two Hundred and Fifty Dollars ($250.00) on publication date; or the accrued royalties to publication date (less a reasonable allowance for copies that may be returned), whichever sum may be the higher.

to shorten words for H. and

Additional rights:

5. The additional rights which the Author grants exclusively to the Publishers in Paragraph 1 above, and the division of any and all sums accruing from the sale of these rights, are as follows:

anthologies, second serial, etc.

(a) Reprinting in whole or in part in newspapers, magazines, anthologies and other volumes, second serialization, syndication, radio-broadcasting, and mechanical reproduction, 50 per cent to the Author and 50 per cent to the Publishers;

mechanical rights reverted to agent

translation first serial

[redacted]

motion picture and dramatic

(d) Motion picture and/or dramatic rights, 75 per cent to the Author and 25 per cent to the Publishers.

50% HH reverts to Heath

All rights not herein specifically granted to the Publishers are reserved by the Author.

Option on other work

6. The Author hereby grants to the Publishers the option to publish the Author's next four* book-length works of fiction of 40,000 words or more in length on the terms of the present agreement. If, however, a work of fiction of less than 40,000 words shall be published by itself in a volume, at a retail price of $2.00 or more, such book shall be considered one of the books under this contract. The publishers shall exercise this option within two months of receipt of the completed manuscript, except that they shall not be required to exercise it until at least one month after the publication of the next preceding book, and they shall publish the new book within one year of the date of its acceptance. If one of the option books should not be accepted, the Publishers' option on subsequent books shall become null and void.

PART TWO

Author's failure to deliver MS.

1A. Default in delivery of manuscript by the date above stated may be deemed cause for the termination of this agreement if the Publishers should so elect, and, in such case, they shall have the right to recover from the Author any and all amounts which they may have advanced to him; but should the Publishers consent to accept the manuscript at a later date, they shall not be required to publish within the limit of time above stated.

Index, illustrations, etc.

2A. If an index is required or if drawings, photographs, tables, maps, charts or other illustrative matter should be deemed necessary by both parties, the copy shall be prepared or supplied by the Author or, in his default, by the Publishers at his expense. If the Author makes alterations in the proof which cost more than 10 per cent of the cost of composition, exclusive of the cost of correcting printers' errors, he agrees to pay such excess.

Corrections

Author's guarantee as to proprietary rights, libel, etc.

5A. The Author covenants and represents that he is the sole author and proprietor of the said work, that he has full power to make this agreement and grant, that it in no way infringes upon the copyright or proprietary right of others, and that it contains no libelous or other unlawful matter. The Author agrees to indemnify and hold harmless the said Publishers from all manner of claims, demands, suits or proceedings which may be asserted or instituted on the ground that the said work violates any copyright or proprietary right, or that it contains anything libelous or unlawful; and further agrees to indemnify and hold the Publishers harmless from all charges, liability, costs, expenses or damages of any kind or nature whatsoever arising to the Publishers, or which the Publishers may incur or sustain by reason of any of the foregoing. In case of any infringement of the copyright the Publishers may in their discretion sue or employ such remedies as they deem expedient, and all such suits or proceedings shall be at the joint expense of Author and Publishers, and the net proceeds of any recovery shall be divided equally between them, but the Author shall not be liable for any expenditure in excess of $300.00 undertaken by the Publishers without his previous consent in writing.

Defense of copyright

Competitive material

4A. The Author agrees that he will not, without the written permission of the Publishers, publish or permit to be published in book or pamphlet form, while this agreement is in force, any material based on said work, or of such a nature as to impede or reduce its sale.

Prior publication elsewhere

3A. If the Author should arrange for publication of said work elsewhere than in the United States (provided Paragraph 1 does not preclude him from doing so), he agrees that it shall not precede publication in the United States without the Publishers' consent in writing; and that, if publication elsewhere has taken or will take place with the Publishers' consent, they shall not be responsible for securing American copyright if it should be impracticable to obtain it without publishing sooner than agreed as above.

Adjustment of royalties for cheap edition

6A. If, at the time of publication of a cheap or reprint edition, the Publishers adjust the price of copies of the regular edition remaining unsold in the hands of booksellers, the royalty on such copies shall be adjusted to conform to the terms for the cheap edition as stated above.

No royalty on free copies

7A. On copies furnished gratis to the Author, or for review, advertising, sample or like purposes, or on copies destroyed by fire or water, no royalty shall be paid.

Selections for publicity

8A. The Publishers may publish, or permit others to publish, without payment, such selections from said work for publicity purposes as they may consider appropriate to benefit its sale.

Author's copies

9A. The Publishers shall give to the Author on publication 10 free copies of said work, and he shall have the right to purchase copies for personal use, but not for re-sale, at 60 per cent of the catalog retail price.

Accounting

10A. The Publishers agree to render semi-annual statements of account to April 30 and October 31 of each year during August and February following, and to make settlement in cash at the same time. Whenever the semi-annual earnings fall below $10.00 no accounting or payment shall be made until the next settlement date after the earnings have aggregated $10.00, unless requested in writing by the Author. Should the Author receive an overpayment he agrees that the Publishers may deduct such amount from any further earnings of said work or any other books by him which may be published by the Publishers; it being understood that an unearned advance is not an "overpayment."

Default by the Publishers

11A. If the Publishers should fail to pay moneys due or to deliver statements as agreed, within three months from the date of written demand by the Author or his representatives, this agreement shall be cancelled and all rights in said work granted herein shall revert to the Author forthwith, and without further notice, and without prejudice to moneys due to him from the Publishers.

Termination of this agreement

12A. Should the Publishers fail to keep said work in print and for sale and after written demand from the Author decline or neglect to reprint within three months and to offer it for sale; or in case after two years from the date of first publication they give three months' notice to the Author of their desire and intention to discontinue publication, this agreement shall terminate and all rights granted hereunder shall revert to the Author, together with any existing property originally furnished by him at his expense. In such event the Author shall have the right to purchase the plates, if any, of said work at one-half of the manufacturing cost (including composition) and/or any remaining copies or sheets at one-half of the manufacturing cost of same, exclusive of overhead, in default of which the Publishers shall dispose of the same as they may see fit, without prejudice to moneys due to the Author.

15A. This agreement supersedes all previous agreements made between The Viking Press, Inc. and John Steinbeck. The terms herein set forth shall also apply, as from August 12, 1938, to all the previously published books of John Steinbeck, to wit: CUP OF GOLD, THE PASTURES OF HEAVEN, TO A GOD UNKNOWN, TORTILLA FLAT, IN DUBIOUS BATTLE, OF MICE AND MEN (novel), OF MICE AND MEN (play).

* See letter 3/6/78 Eng. Ed.

(see attached rider for 14A, 15A and 16A)

Assignment of this agreement

This agreement shall be binding upon the heirs, executors, administrators or assigns of the Author, and upon the successors or assigns of the Publishers, but no assignment shall be binding on either of the parties without the written consent of the other party to this agreement.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals the day and year first above written.

IN THE PRESENCE OF:

Laurence G. Case
Witness

John Steinbeck
Author and/or Proprietor

THE VIKING PRESS, INC.

Fanny Strassman
Witness

By [signature]
President

14A. If at any time the Publishers' share of the motion picture and/or dramatic rights received under this agreement shall amount to the sum of $15,000, plus interest thereon at six per cent from August 12, 1958, until the date of the sum being finally earned out, thereafter the Publishers shall cease to have any share in such motion picture and/or dramatic rights.

15A. In case of bankruptcy, receivership, assignment for the benefit of creditors, reorganisation under 77B, or liquidation for any cause whatever of the Publishers, all rights granted herein shall revert to the Author.

16A. The Author hereby authorises his agent, McIntosh & Otis, to collect and receive all sums of money payable to him under the terms of this agreement and decleres that the receipt of the said McIntosh & Otis, 18 East 41st Street, New York City, shall be a good and valid discharge in respect thereof, and the said McIntosh & Otis is hereby empowered to act in the Author's behalf in all connections arising out of this agreement.

BEST AVAILABLE COPY

MEMORANDUM OF AGREEMENT

between

and

THE VIKING PRESS, INC.

for the Publication of

_____

Date _____

THE VIKING PRESS Memorandum DATE 10/17/38

FOR FS FROM MAD

Add to Steinbeck contract card:

"Agent by phone confirms that rest of world is to be open market for English and American editions."

Penguin USA

AGREEMENT made this 24th day of October 1994, by and between:

Elaine Steinbeck
c/o McIntosh & Otis Inc. (Attention: Eugene Winick)
310 Madison Avenue
New York, New York 10017

the Author and/or Proprietor, party of the first part (the "Author"), and VIKING PENGUIN, A DIVISION OF PENGUIN BOOKS USA INC., 375 Hudson Street, New York, New York 10014, party of the second part (the "Publisher"), respecting:

nineteen books by John Steinbeck:

Work #1 CUP OF GOLD
Work #2 THE PASTURES OF HEAVEN
Work #3 TO A GOD UNKNOWN
Work #4 THE RED PONY
Work #5 TORTILLA FLAT
Work #6 IN DUBIOUS BATTLE
Work #7 OF MICE AND MEN
Work #8 THE LONG VALLEY
Work #9 THE GRAPES OF WRATH
Work #10 THE FORGOTTEN VILLAGE
Work #11 OF MICE AND MEN – (play)
Work #12 THE GRAPES OF WRATH JOURNAL – WORKING DAYS
Work #13 VIVA ZAPATA

Work #14 VIVA ZAPATA – THE LITTLE TIGER (to be published under 8/1/91 rider)

Work #15 THE JOURNAL OF A NOVEL

Work #16 THE SEA OF CORTEZ (with Edward F. Ricketts)

Work #17 STEINBECK: A LIFE IN LETTERS (Elaine Steinbeck with Robert Wallstein)

Work #18 THE SHORT NOVELS OF JOHN STEINBECK (to the extent of TORTILLA FLAT, THE RED PONY, OF MICE AND MEN)

Work #19 THE PORTABLE STEINBECK (to the extent of THE LONG VALLEY, THE PASTURES OF HEAVEN, TORTILLA FLAT, IN DUBIOUS BATTLE, OF MICE AND MEN, THE RED PONY, THE LONG VALLEY, SEA OF CORTEZ)

(each book being separately referred to as the "Work"), whereas Publisher has published the above listed books under existing contracts and whereas for an additional consideration the parties have agreed to enter into a new agreement for continued publication of the above listed books, it is mutually agreed between the Author and the Publisher with respect to each Work as follows:

PART ONE

Publication
Rights

1. The Author hereby grants and assigns to the Publisher for the remaining term of copyright, and such renewals or extensions thereof as may now or hereafter exist, the sole and exclusive right to

publish the Work in volume form in the English language throughout the United States, its territories and dependencies, the Philippines and Canada; such rights shall be non-exclusive in the rest of the world outside the British Commonwealth of Nations (excluding Canada).

The Author also grants to the Publisher such further rights as are specified hereinafter. The phrase "in volume form" shall be defined as meaning publication of the Work as a whole, or substantially complete, as a unit or at one time.

Delivery of Manuscript

2. DELETED

Permissions, Clearances

3. DELETED

Proof Corrections

4. DELETED

Agreement to Publish

5. DELETED

Copyright

6. The Publisher shall carry the original copyright registration and the copyright renewal notices in each edition of the Work.

The Author, or the Publisher on the Author's behalf and at its option, shall apply for renewals (if applicable to the Work) whenever they fall due. Both parties agree to execute, at any time, all such papers and documents as may be advisable, in the Publisher's opinion, in order to protect, assign, record, renew,

or otherwise effectuate the rights herein, whether granted to the Publisher or reserved by the Author.

Advance

7. The Publisher shall pay to the Author, as a guaranteed advance against and on account of all moneys accruing to him under this agreement, yearly payments in the following amounts, such payments to be made in two equal installments on or before April 30 and October 31 of each year. The first payment will be made in October, 1994 or on signing of this agreement, whichever is later.

Year number 1	$435,500.
Year number 2	$435,500.
Year number 3	$385,250.
Year number 4	$385,250.
Year number 5	$385,250.
Year number 6	$335,000.
Year number 7 and thereafter*	$335,000.

*Beginning in the seventh year and each year thereafter, it is understood and agreed that the $335,000 payment will be adjusted annually by the Publisher based on an increase in the National Consumer Price Index (the US city average for all urban consumers) or its successor equivalent, with a cap of 10 percent on any such annual adjustment.

The guaranteed advance shall also be adjusted annually so that if, in any year, the earnings payable to the Author exceed the guaranteed advance for that year ("excess earnings"), the amount of the guaranteed advance for the following year only shall be restated by adding a sum equal to the excess earnings from the preceding year to the guaranteed advance. The annual guaranteed advance shall not be adjust-

ed downward for any shortfall by operation of this paragraph.

The above payments taken together with payments due Author under separate agreements with Elaine Steinbeck and Thomas Steinbeck dated October 24, 1994 for other Steinbeck works provide for a guaranteed advance payment of $650,000 in years 1 and 2, $575,000 for years 3, 4 & 5, and $500,000 in year 6 and thereafter.

If at any time the Publisher determines that payment of the annual guarantee is not economically feasible for Publisher to continue, the Publisher and Author agree to negotiate in good faith as to a reduced annual guarantee. If no agreement can be reached this agreement will terminate upon Publisher's written notice to the Author subject to Publisher's right to sell off existing inventory of the Work for a period of 18 months from the date of such termination.

Royalties:

Regular Sales

8. Except as set forth in Clause 20, the Publisher agrees to pay the Author a royalty on the invoiced retail price of every copy sold by the Publisher, less copies returned (except as set forth below):

HARDCOVER EDITION

15 percent

TRADE PAPERBOUND EDITION

10 percent for the following titles –

THE GRAPES OF WRATH

OF MICE AND MEN

(whether sold separately or in 2-in-1 volume with CANNERY ROW; although CANNERY ROW is covered by a separate agreement, a

single royalty shall apply to the invoiced retail price of the 2-in-1 volume)

THE RED PONY

(whether sold separately or in 2-in-1 volume with THE PEARL; although THE PEARL is covered by a separate agreement, a single royalty shall apply to the invoiced retail price of the 2-in-1 volume)

8 percent for the following titles –

TO A GOD UNKNOWN

TORTILLA FLAT

IN DUBIOUS BATTLE

THE LONG VALLEY

7 percent for the following titles –

CUP OF GOLD

THE PASTURES OF HEAVEN

THE FORGOTTEN VILLAGE

OF MICE AND MEN (play)

THE GRAPES OF WRATH JOURNAL – WORKING DAYS

VIVA ZAPATA

VIVA ZAPATA – THE LITTLE TIGER

THE JOURNAL OF A NOVEL

THE SEA OF CORTEZ

STEINBECK: A LIFE IN LETTERS

THE SHORT NOVELS OF JOHN STEINBECK

THE PORTABLE STEINBECK

MASS MARKET PAPERBOUND EDITION

15 percent for the following titles –

THE GRAPES OF WRATH

OF MICE & MEN

(whether sold separately or in 2-in-1 volume with CANNERY ROW; although CANNERY ROW is covered a separate agreement, a single royalty shall apply to the invoiced retail price of the 2-in-1 volume)

THE RED PONY

(whether sold separately or in 2-in-1 volume with THE PEARL; although THE PEARL is covered by a separate agreement, a single royalty shall apply to the invoiced retail price of the 2-in-1 volume)

10 percent for the following titles –

TO A GOD UNKNOWN

TORTILLA FLAT

IN DUBIOUS BATTLE

THE LONG VALLEY

8 percent for the following titles

CUP OF GOLD

THE PASTURES OF HEAVEN

THE FORGOTTEN VILLAGE

OF MICE AND MEN (play)

THE GRAPES OF WRATH JOURNAL – WORKING DAYS

VIVA ZAPATA

VIVA ZAPATA – THE LITTLE TIGER

THE JOURNAL OF A NOVEL

THE SEA OF CORTEZ

STEINBECK: A LIFE IN LETTERS

THE SHORT NOVELS OF JOHN STEINBECK

Copies covered by any of the following subdivisions of this Clause 8 shall not be included in such computation.

Sales of Sheets

(a) On sales of sheets to prebinders: a royalty of ten percent of the net amount that the Publisher receives;

Mail order
Premium

(b) On copies sold direct to the consumer through the medium of mail-order coupon advertising or direct-by-mail circularization and on premium sales: a royalty of five percent (5%) of the net amount that the Publisher receives;

Export / Canadian
Sales

(c) On copies sold in Canada, or for export, whether in bound copies or in sheets, a royalty of ten percent (10%) of the net amount Publisher receives.

Sales at
High Discounts

(d) On copies sold at discounts of more than fifty percent (50%) of the invoiced retail price for hardcover and trade paperback editions and at discounts of more than sixty percent (60%) of the invoiced retail price for mass market paperback editions, a royalty of ten percent (10%) of the net amount that the Publisher receives;

Notwithstanding the foregoing, should the Publisher's retail and wholesale trade discount policies ever exceed fifty percent (50%) of the invoiced retail price for hardcover and trade

paperback editions and sixty percent (60%) of the invoiced retail price for mass market paperback editions, the full regular royalty rate would apply on all domestic sales governed by such policies.

Cheap Hardcover Edition

(e) On copies sold of any cheap hardcover edition which Publisher publishes at a price not more than two-thirds of the suggested retail price, a royalty of ten percent of the net amount Publisher receives. If the Work is published in a single combined ("omnibus") edition with other works by the Author, Publisher shall pay Author a pro-rata share of the applicable royalties as set forth in this paragraph based on the proportion the Work comprises of such omnibus edition.

Sales from Later Small Editions

(f) On copies sold from a reprinting of three thousand (3,000) or fewer hardcover copies or trade paperback copies or five thousand (5,000) or fewer mass market paperbound copies made two years or more after first publication of the Work, it being understood that such reprintings will not be made more than once a year: one-half of the prevailing royalty rate then in effect; this reduced royalty is provided because of the increased cost of manufacture of small reprintings, to enable the Author and the Publisher to keep the Work in print and in circulation as long as possible; and may be terminated upon six (6) months notice from Author.

Nonroyalty

(g) On copies furnished gratis to the Author, or for review, advertising, sample, or like purposes, or on copies destroyed by fire or water or other means, or on copies sold at or below cost, no royalty shall be paid.

Author's Copies

9. The Author shall have the right to purchase copies for personal use, but not for resale, at forty percent (40%) discount. Such purchases shall be paid for within thirty (30) days of the date of the Publisher's invoice.

Should the Publisher decide to remainder the balance of its inventory of the Work, it shall first offer copies to the Author at the manufacturing cost of the last printing, and the Author shall have two weeks to respond to this offer.

Audio-Visual

10. The Publisher shall have the right in the English language (to be exclusive or nonexclusive as specified in the grant of territory in Clause 1), to produce, manufacture, sell, distribute, exhibit, and transmit derivative versions of the Work in any audio form provided it is a single voice, non-dramatic reading of the text and/or visual form provided it is a non-dramatic, non-illustrative, non-animated display of the text only, including, without limitation, film strips, phonograph records, tapes, telecartridges, computer software, and other information and storage retrieval systems:

a royalty to be mutually agreed in good faith between Publisher and Author referencing to standard industry rates;

EXCEPT with respect to the audio versions of, OF MICE AND MEN, the royalty with respect to each such audio version shall be 8 percent of Publisher's net receipts for the first 10,000 units sold and 10 percent of Publisher's net receipts for all copies sold in excess of 10,000 units.

Publisher acknowledges that specifically excluded from the audiorecording rights granted herein is the right to distribute the audiorecordings in the mail-order rental market, such rights having already been granted by Author to Books on Tape, but shall not be otherwise restricted except that both the Publisher and Books on Tape shall have the nonexclusive rights to distribute the audio recordings in the library and specialty rental markets.

Publisher's exercise of these rights will in no way conflict with Author's exercise of television/motion picture rights.

Elaine Steinbeck shall have prior approval of the script and the artwork and packaging of any audio visual versions of the Work.

Subsidiary Rights

11. The Publisher shall also have the following rights in the English language (to be exclusive or nonexclusive as specified in the territorial grant in Clause 1), with respect to which the Publisher alone may make arrangements with third parties on the Publisher's own behalf, or on behalf of the Author when necessary, and the division of the Publisher's net receipts from the sale or other disposition of these rights shall be as follows:

All subsidiary rights licenses, with the exception of excerpts or digests in anthologies or other volumes pursuant to Clause 11(d), shall be subject to the Au-

thor's approval, such approval not to be unreasonably withheld. Failure of Author/Agent to reply with any objections within ten business days of Publisher's inquiry shall be deemed as Author approval. See 11(a) with respect to licensing of paperback rights.

Reprint

(a) Paperbound* hardcover, or large-type reprint publication: fifty percent (50%) of said receipts to the Author and fifty percent (50%) to the Publisher;

* Paperbound licenses to a third party shall be subject to the approval of the Author, or his agent acting on Author's behalf, such approval not to be unreasonably withheld, except (i) withholding of approval cannot be used to veto one Penguin USA paperback imprint from acquiring rights in a competitive situation where such imprint is acting as a third party and (b) in the event there is a proposed licensing to a third party which is disapproved by the Author, or his agent acting on Author's behalf, thereby putting the Work out of print and rights subsequently revert to the Author pursuant to the provisions of Clause 8A, the Author and/or his agent cannot license paperback rights to that party within twelve months of Author's, or his agent acting on Author's behalf, disapproval of Publisher's proposed license.

Book Club

(b) Book-club publication: fifty percent (50%) of said receipts to the Author and fifty percent (50%) to the Publisher;

First Serial

(c) DELETED

Second Serial, Anthology, etc.

(d) Periodical publication, including without limitation magazine, newspaper, and digest after book publication, reprinting in whole or in part or excerpts or digests (but not abridgments which are prohibited) in anthologies or other volumes, pamphlets, etc., and public readings: fifty percent (50%) of said receipts to the Author and fifty percent (50%) to the Publisher;

Audio-Visual

(e) Reproduction of the text or any adaptation of the work, or any derivative versions thereof, in any audio form provided it is a single voice, non-dramatic reading of the text and/or visual form provided it is a non-dramatic, non-illustrative, non-animated display of the text only (other than by motion picture, radio or television, or in storage and retrieval systems), including without limitation film strips, phonograph records, telecartridges and tapes: seventy five percent (75%) of said receipts to the Author and twenty five percent (25%) to the Publisher; No performance rights are granted in connection with such rights.

Publisher acknowledges that specifically excluded from the audiorecording rights granted herein is the right to distribute the audiorecordings in the mail-order rental market, such rights having already been granted by Author to Books on Tape, but shall not be otherwise restricted except that both the Publisher and Books on Tape shall have the non-exclusive right to distribute the audio record-

ings in the library and speciality rental markets.

Elaine Steinbeck shall have prior approval of the script and artwork and packaging of any audio visual version of the Work.

Radio and Television

(f) DELETED

Motion Picture and Dramatic

(g) DELETED

In the event of the disposition of performance rights, the Publisher agrees to grant to the purchaser the privilege to publish excerpts and summaries of the Work or of any motion picture, dramatic, or television version of the Work, in the aggregate not to exceed ten percent (10%) of the text (but not more than 7,500 words), for advertising and exploiting such rights, provided that all steps necessary to protect the copyright of the Work are taken and that the Publisher is credited as the publisher of the Work.

Data Storage and Retrieval

(h) Use of the text only in non-dramatic, non-illustrative, non-animated display through computer software and in other information storage and retrieval systems, whether through computer, mechanical, or other electronic means now known or hereafter invented and ephemeral screen-flashing or reproduction thereof, whether by printout, photo-reproduction or photocopy, including without

limitation punch cards, microfilm, magnetic tapes, or like processes attaining similar results: seventy five percent (75%) of receipts to the Author and twenty five percent (25%) to the Publisher;

Elaine Steinbeck shall have prior approval of the script and artwork and packaging of any versions of the Work for data storage and retrieval.

Commercial Use

(i) DELETED

Use by the Handicapped

(j) Publication or transcription of the Work in whole or in part without charge in braille, tapes, or other forms for use by the physically handicapped: none.

Editions in English Abroad

12. DELETED

Translation

13. DELETED

Rights Reserved by Author

14. All rights not specifically granted to the Publisher under this agreement are reserved by the Author.

Publicity

15. DELETED

Space Advertising

16. Commercial advertisements (other than a list of other works published by the Publisher or its

licensees) may not be inserted or printed in any edition of the Work without the Author's prior written consent.

Accounting and Payment

17. The Publisher agrees to render semiannual statements of accounts on a work-by-work basis on the hardcover edition to April 30 and October 31 of each year, on or before August 31 and February 28 following, and statements of account on the paperbound edition published by the Publisher shall be rendered to June 30 and December 31 of each year, on or before October 31 and April 30 following, and the Publisher agrees to accompany such statements with checks in payment of the amounts due thereon. In making accountings, Publisher shall have the right to allow for a reasonable reserve against returns to be defined as a reserve sufficient in light of the actual return percentage in the sale of the Work and to be adjusted accordingly in each accounting period. After two years following the publication date regular royalty statements and payments need not be issued by the Publisher until accumulated earnings from all sources, due and payable, exceed $10.00, unless requested in writing by the Author. Should the Author receive an overpayment, the Author agrees that the Publisher may deduct such amount from any further earnings of the Work, it being understood that an unearned advance is not an "overpayment."

Works #1 – #19 will be jointly accounted and no sums, other than the yearly guarantees due pursuant to Clause 7, will be paid to the Author until the total amount (cumulative from the first payment) paid in guarantees to the Author has been earned from all

sums accruing to the Author hereunder on Works #1 – #19 at the end of each royalty period.

The Author may, upon written request, examine or cause to be examined through certified public accountants the Publisher's books of account insofar as they relate to the sale or licensing of the Work, provided such examinations are limited to one per year and take place during regular business hours. Such examination shall be at the Author's expense, unless errors of accounting amounting to more than five percent (5%) of the total sums accrued to the Author shall be found to the Author's disadvantage, in which case the reasonable cost of the examination shall be borne by the Publisher, and payment of the amount due shall be made within thirty (30) days thereafter.

Option on Other Work

18. DELETED

Termination of Previous Agreements

19. This agreement, when signed by Author and Publisher, will cancel and supercede the previous agreements, as amended, for the Works #1 – #19 covered hereunder.

20. Inasmuch as this Agreement does not include all the contents of Work #18 and Work #19, fifty percent of the royalty specified for Work #18 THE SHORT NOVELS OF JOHN STEINBECK, and seventy five percent of the royalty specified for Work #19, THE PORTABLE STEINBECK, will be due the Author hereunder.

PART TWO

Author's Guarantee

1A. The Author represents and warrants that John Steinbeck is the sole author of the Work; that the Author is the sole owner of all rights granted hereunder; that the Author has not sold, licensed, assigned, or otherwise encumbered, and will not sell, license, assign, or otherwise encumber, any of such rights; that the Author has full power to enter into and to perform this agreement; that, except for any material expressly permitted or cleared pursuant to Clause 3 of Part One, the Work is original, and is not in the public domain; that the Work in no way violates any copyright or proprietary or contract or personal right of others, and that it contains nothing unlawful, libelous, or obscene. In the event of any claim, action, or proceeding based upon an alleged violation of any of these warranties, (a) the Publisher shall have the right to defend the same through counsel of its own choosing; (b) the Author shall hold harmless the Publisher, any seller of the Work, any licensee of a subsidiary right in the Work, and any other person to whom the Publisher or its licensees may extend the representations and warranties contained herein in connection with the production or distribution of the Work or the exercise of any rights therein or derived therefrom, against any damages and expenses (including reasonable legal fees and expenses) arising from the breach or alleged breach of any of the foregoing warranties. If any such claim, action, or proceeding is instituted, the Publisher shall promptly notify the Author, who shall fully cooperate in the defense thereof, and the Publisher may withhold payments of reasonable amounts due the Author under this agreement between the

parties. These warranties and indemnities shall survive the termination of this agreement.

Publisher agrees to designate Author as to the Work as an additional insured in any Errors and Omissions insurance policy which Publisher may purchase at its expense covering its book publishing activity and shall, except as limited hereinbelow, look solely to the proceeds of such insurance coverage for payment of any sums that may become due from Author by reason of the indemnification undertaken by the Author hereinabove regarding risks which are covered by Publisher's Errors and Omissions insurance policy except if the Author's breach of warranties set forth hereinabove is done wilfully. Author's obligation to indemnify Publisher shall be limited to thirty-seven thousand, five hundred dollars ($37,500) which sum is less than one-half (1/2) of the one hundred thousand dollar ($100,000) deductible presently in effect on the Errors and Omissions insurance policy. Notwithstanding the foregoing, Author acknowledges that the limits of liability may effectively be decreased or exhausted as a result of occurrences during a year related to other works and other additional insureds and that Author's liability to Publisher in excess of such coverage is not affected hereby. In consideration for the foregoing, Author agrees that they will fully cooperate with Publisher in the defense of any such claims, the Publisher and/or its insurer shall have the right to select counsel, and that Publisher shall have the right to settle any claim upon the terms and conditions it and/or its insurer deems satisfactory.

Defense of Copyright

2A. In case of any infringement of the copyright of the Work by others, the Publisher may in its

discretion sue or employ such remedies as it deems expedient, and all such suits or proceedings shall be at the joint expense of Author and Publisher, and the net proceeds of any recovery shall be divided equally between them, but the Author shall not be liable for any expenditure for such purposes in excess of one thousand dollars ($1,000.00) undertaken by the Publisher without the Author's previous consent in writing. If the Author does not consent to all expenditures for such purposes, any recovery shall be divided between the Publisher and the Author in the ratio of their respective expenditures for such purposes.

Competitive Material

3A. DELETED

Prior Publication

4A. DELETED

Default by the Publisher

5A. If the Publisher should fail to pay undisputed monies due or to deliver statements as agreed, (unless such failure is due to a good-faith dispute between the Author and the Publisher) within 60 days from the date of written demand by the Author or his/her representatives, this agreement shall be canceled and all rights in the Work granted herein shall revert to the Author forthwith and without further notice, and without prejudice to monies due to the Author from the Publisher.

Author's Property

6A. DELETED

Revised Edition

7A. DELETED

Termination of this Agreement

8A. Should the Publisher fail to keep in print any one of Works #1 through #19 or any of the other Steinbeck works which are the subject of a separate agreement with Elaine Steinbeck and Thomas Steinbeck dated October 24, 1994 and after written demand from the Author decline or neglect to bring such Work back into print within one year, the Publisher's rights shall terminate hereunder as well as terminate for the other Steinbeck works which are the subject of a separate agreement with Elaine Steinbeck and Thomas Steinbeck dated October 24, 1994, provided that all obligations of the Author to the Publisher have been met. Upon the effective date of termination, the Publisher shall have the right to dispose of any copies remaining on hand of the in print Works and any copies in process of the Works covered hereunder as well as any other in print or in process Steinbeck works which are the subject of a separate agreement with Elaine Steinbeck and Thomas Steinbeck dated October 24, 1994 subject to the payment of royalties as provided hereunder and as provided in the agreement with Elaine Steinbeck and Thomas Steinbeck dated October 24, 1994. It is understood that any Work shall be considered to be in print if any hardcover or softcover publication rights granted hereunder are being exercised or are under contract to be exercised.

If, any time after first publication, the Publisher wishes to discontinue publication for any reason of any Work which is the subject of this agreement or a separate agreement with Elaine Steinbeck and

Thomas Steinbeck dated October 24, 1994, the Publisher may do so upon written notice to the Author, in which event this agreement and the other agreements for the Steinbeck works dated October 24, 1994 with Elaine Steinbeck and Thomas Steinbeck shall terminate and all rights granted hereunder shall revert to the Author upon the termination date set forth in such notice from the Publisher. If such termination occurs, the provisions of the immediately following paragraph of this Clause 8A shall apply.

For thirty (30) days after the date of such termination, the Author shall have the right, but not the obligation, to acquire from the Publisher (a) any printer's materials under the control of the Publisher, at the fair market value thereof; and/or (b) any inventory of the work under the control of the Publisher, at the manufacturing cost of last printing. If the Author does not exercise such right within such thirty (30) days, the Publisher may dispose of any such materials or inventory without any further obligation to the Author.

Termination
Under U.S. Law

9A. If Elaine Steinbeck exercises her right to terminate grants made to Publisher in this agreement (in accordance with Section 304(c) of Title 17 of the U.S. Code) and if the Terminating party(ies) fail(s) to enter into an agreement with Publisher for Publisher to continue to publish the terminated work(s), then Publisher may take the following actions:

1. The amount by which the Guaranteed Advance Payments exceed royalties due and/or paid to all Authors from the date of this contract until the date a Notice of Termination is received by Publisher ("Excess Guaranteed Payments") shall be calculated

on a work-by-work basis (pro-rated in proportion to the royalties generated by each work during the period). The amount of the Excess Guaranteed Payment attributable to the terminated work (even if received by other than the terminating party) shall be, at Publisher's option, recoverable by Publisher from any royalties and/or further Guaranteed Advance Payments owed to the terminating party or parties (as pro-rated) from that date forward, on account of the terminating party(ies)'s interest in the terminated work (if any) during the period between notice of termination and recapture and/or on account of the terminating party(ies)'s pro-rata interest in any non-terminated works that are the subject of this agreement.

2. In addition to the right to recapture the excess over earnings on Guaranteed Advances as provided above, in the event the terminating party(ies) wish to transfer the recaptured rights to a third party, they shall first offer them to Publisher in the following manner:

(i) If terminating party(ies) decide(s) to accept a bona fide offer with respect to all or part of the terminated work(s) then in each such instance terminating party(ies) shall, promptly after deciding to accept such offer, give Publisher written notice specifying such terms and conditions which terminating party-(ies) is(are) prepared to accept and the name(s) of the third party who made the offer to terminating party-(ies). At any time within fifteen (15) days after receipt of such written notice from terminating party-(ies), Publisher may notify terminating party(ies) in writing of its acceptance of such offer and, in such event, the rights referred to in such offer shall be assigned to Publisher, subject to Publisher's compliance with the terms of the offer so accepted. If Publisher

shall acquire from terminating party(ies) all or part of the terminated work(s), then both parties agree to enter into a written agreement with respect thereto.

(ii) If Publisher shall elect not to purchase the terminated work(s), the terminating party(ies) may dispose of said terminated work(s) but only to the offerer and upon the terms and conditions specified in such notice, it being understood and agreed that terminating party(ies) may not dispose of such rights to any other party or upon terms and conditions any different from those offered to Publisher hereunder without again offering such terminated work(s) to Publisher as herein provided.

Bankruptcy and Liquidation

10A. In the event that the Publisher shall be adjudicated a bankrupt, a receiver or a trustee shall be appointed for all or substantially all of the Publisher's property, and the order appointing the receiver or trustee shall not have been vacated within sixty (60) days from its entry, or if the Publisher shall seek to take advantage of any so-called insolvency law, all rights hereby granted to the Publisher shall forthwith revert to the Author, and this agreement shall thereupon terminate.

Governing Law

11A. This agreement shall be interpreted under the laws of the State of New York applicable to contracts entirely made and performed therein. Any dispute between the Author and the Publisher relating to this agreement and/or the Work, if it cannot be settled by mutual agreement between the Author and the Publisher, shall be submitted solely to the Federal or State courts sitting in New York City, or courts with appellate jurisdiction therefrom, and the

Author and the Publisher both consent to the jurisdiction and venue of such courts for such purpose.

Complete Agreement

12A. This agreement constitutes the complete understanding of the parties, and no waivers or modifications of any provision shall be valid unless in writing, signed by the Author and the Publisher. The waiver of a breach or of a default under any provision hereof shall not be deemed a waiver of any subsequent breach or default. The payment of any advances or royalties hereunder shall not be deemed a waiver by the Publisher of any rights and/or claims that it may have with respect to nonperformance by the Author of the Author's obligations hereunder.

Assignment

13A. This agreement shall be binding upon the heirs, executors, or administrators of the Author, and upon the successors and assigns of the Publisher. The Author shall not assign this agreement, or obligations hereunder, without the prior written consent of the Publisher. The Publisher shall have the right on notice to Author to assign this agreement, or its rights and obligations hereunder, only to a company acquiring all or substantially all of the Publisher's assets. The Author shall have the right to assign any amounts due hereunder to the extent such amounts become due after the Publisher has received written notice from the Author of such assignment.

Agency Clause

14A. All sums of money due under this agreement shall be paid to the Author's agent, McIntosh & Otis, Inc., 310 Madison Avenue, New York, New York 10017 and the receipt of the said McIntosh & Otis,

Inc. shall be a good and valid discharge of all such indebtedness; and the said McIntosh & Otis, Inc. is hereby empowered by the Author to act in all matters arising from and pertaining to this agreement.

The Author does hereby irrevocably assign and transfer to McIntosh & Otis, Inc. and McIntosh & Otis, Inc. shall retain a sum equal to ten percent (10%) out of all monies due and payable to and for the account of the Author under this agreement.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals the day and year first above written.

IN THE PRESENCE OF:

/s/ [ILLEGIBLE]

Witness

ELAINE STEINBECK

/s/ ELAINE STEINBECK

VIKING PENGUIN

/s/ ALAN J. KAUFMAN

Alan J. Kaufman

Senior Vice President & General Counsel

NOTICE OF TERMINATION

[Received June 24, 2004
Karen R. Mayer]

TO: Karen Meyer, Esq.
Viking Penguin, a division of Penguin Books, USA
375 Hudson Street
New York, New York 10014

Estate of Elaine Steinbeck
c/o McIntosh & Otis, Inc.
323 Lexington Ave.
New York, New York 10016

PLEASE TAKE NOTICE that pursuant to 17 U.S.C. §304(d), Thomas Steinbeck and Blake Smyle, he being the sole surviving child of deceased author John Steinbeck, and she being the sole surviving child of deceased John Steinbeck IV, who was the only other child of deceased author John Steinbeck, terminate grants made to you before January 1, 1978 in the works described below:

Title	Author	Date Copyright Secured	Copyright (Renewal) Reg. #	Effective Date of Termination
Cup of Gold	John Steinbeck	August 2, 1929	A:12065 (R:155442)	July 1, 2006
The Pastures of Heaven	John Steinbeck		A:56747 (R:262343)	Nov. 1, 2007
The Red Pony and all stories included therein, namely:	John Steinbeck	Sept. 24, 1937	A:109632 (R:359892)	Sept. 15, 2012
"The Gift"	John Steinbeck	Oct. 18, 1933	B:204366 (R:265334)	Oct. 19, 2008
"The Great Mountains"	John Steinbeck	Nov. 16, 1933	B:206800 (R:271364)	Nov. 17, 2008
"The Promise"	John Steinbeck	July 20, 1937	B:345443 (R:345803)	July 21, 2012

Title	Author	Date Copyright Secured	Copyright (Renewal) Reg. #	Effective Date of Termination
To A God Unknown	John Steinbeck	Sept. 15, 1933	A:66672 (R:26781)	Sept. 16, 2008
Tortilla Flat	John Steinbeck	May 28, 1935	A:84009	May 29, 2010
In Dubious Battle	John Steinbeck	Jan. 28, 1936	A:91536 (R:319085)	Jan. 29, 2011
Of Mice and Men	John Steinbeck	Feb. 26, 1937	A:102928 (R:342179)	Feb. 27, 2012
Of Mice and Men (Play)	John Steinbeck	Dec. 10, 1937	DP:53848 (R:359895)	Dec. 11, 2012
The Long Valley and all stories included therein, namely:	John Steinbeck	Sept. 16, 1938	(A:121979) (R:359895)	Sept. 17, 2013
"Chrysanthemums"	John Steinbeck			
"White Quail"	John Steinbeck			
"Flight"	John Steinbeck			
"Snake"	John Steinbeck			
"Breakfast"	John Steinbeck			
"Raid"	John Steinbeck			
"Harness"	John Steinbeck			
"Vigilante"	John Steinbeck			
"Johnny Bear"	John Steinbeck			
"Murder"	John Steinbeck			
"Saint Katy The Virgin"	John Steinbeck			
"Red Pony" (In 3 parts)	John Steinbeck			
"Leader of the People"	John Steinbeck			
The Grapes of Wrath	John Steinbeck	April 14, 1939	A:129068 (R:359892)	April 15, 2014

Deceased author John Steinbeck's widow Elaine Steinbeck being deceased, and there being no other surviving child or grandchild of deceased author John Steinbeck, Thomas Steinbeck and Blake Smyle are all of the persons whose signatures are necessary to terminate the grants described herein under 17

U.S.C. §304. Termination of renewal term rights under 17 U.S.C. §304(c) has not been exercised as to such grants before.

All grants of rights made to you or your predecessors in interest in the above described works before January 1, 1978, including but not limited to any and all grants of book publication rights, motion picture rights, television rights, dramatic rights, theatrical stage rights, radio broadcast rights, mechanical reproduction rights, or other rights, of any nature in said works, as well as all amendments, revisions, or renewals of such grants, are terminated by this notice. Such grants include, but are not limited to 1) that certain contract dated September 12, 1938 between John Steinbeck and Viking Press, Inc.; 2) that certain agreement dated May 19, 1949 between John Steinbeck and Viking Press, Inc.; and 3) all other agreements entered into between John Steinbeck and Viking Press, Inc., or its predecessors in interest, successors in interest, or assignors before January 1, 1978, as well as all amendments, revisions, or renewals of or to said agreements.

Dated: June 8, 2004

/s/ THOMAS STEINBECK
Thomas Steinbeck

Dated: June 13, 2004

/s/ BLAKE SMYLE
Blake Smyle
by Thomas Steinbeck
her Attorney-In-Fact

Supreme Court of the United States
Office of the Clerk
Washington, DC 20543-0001

WILLIAM K. SUTER
Clerk of the Court
(202) 479-3011

January 3, 2011

Mr. David C. Frederick
Kellogg, Huber, Hansen, Todd,
Evans & Figel, P.L.L.C.
1615 M Street, N.W., Suite 400
Washington, DC 20036

Re: Thomas Steinbeck, et al.
v. McIntosh & Otis, Incorporated, et al.
Application No. 10A669

Dear Mr. Frederick:

The application for an extension of time within which to file a petition for a writ of certiorari in the above-entitled case has been presented to Justice Ginsburg, who on January 3, 2011 extended the time to and including March 11, 2011.

This letter has been sent to those designated on the attached notification list.

Sincerely,

William K. Suter, Clerk
by /s/ Erik Fossum

Erik Fossum
Case Analyst

[attached notification list omitted]